

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Charter Township of Commerce</u>	County <u>Oakland</u>
Audit Date <u>December 31, 2004</u>	Opinion Date <u>June 18, 2004</u>	Date Accountant Report Submitted to State: <u>August 31, 2004</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

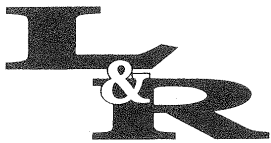
Certified Public Accountant (Firm Name) <u>Layton & Richardson P.C.</u>			
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Accountant Signature <u>Dickie R. Crouch, CPA</u>			

CHARTER TOWNSHIP OF COMMERCE
OAKLAND COUNTY, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
AND
INDEPENDENT AUDITORS' REPORT

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
GENERAL PURPOSE FINANCIAL STATEMENTS	
Description	7
Statement of Net Assets	9
Statement of Activities	10-11
Balance Sheet – Governmental Funds	12-13
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Assets	15
Statement of Revenues, Expenditures, and	
Changes in Fund Balance – Governmental Funds	16-17
Reconciliation of the Statement of Revenues,	
Expenditures and Changes in Fund Balances	
of Governmental Funds to the Statement	
of Activities – Governmental Funds	18
General Fund	
Statement of Revenues and Other Financial Sources – Budget and Actual	19
Statement of Expenditures and Other Uses – Budget and Actual	20
Statement of Revenues, Expenditures and Changes	
in Fund Balance – Budget and Actual – Improvement Revolving Fund	21
Fiduciary Funds – Combining Balance Sheet	22
Statement of Changes in Assets and	
Liabilities of Individual Funds – Agency	23
All Agency Funds – Combined Statement of	
Changes in Assets and Liabilities	24
Statement of Changes in Fiduciary Net Assets	25
Balance Sheet – Nonmajor Governmental Funds	26
Statement of Revenues, Expenditures, and Changes	
in Fund Balance – Nonmajor Governmental Funds	27
Statement of Net Assets – Component Unit –	
Downtown Development Authority	28
Statement of Activities – Component Unit –	
Downtown Development Authority	29
Notes to Financial Statements	31-45
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS	
GENERAL FUND	
Description	47
Schedule of General Fund Revenues and Other Financing Sources -	
By Category for the Last Ten Fiscal Periods	48-49
Schedule of General Fund Expenditures and Other Financing Uses -	
By Activity for the Last Ten Fiscal Periods	50-51
SPECIAL REVENUE FUNDS	
Description	53
Combining Balance Sheet – NonMajor Special Revenue Funds	54-55
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balance – NonMajor Special Revenue Funds	56-57
Statement of Revenues, Expenditures and Changes	
in Fund Balance of Individual Funds – Budget and Actual –	
Nonmajor Special Revenue Funds	58-63

DEBT SERVICE FUND	65
Description	66-71
Combining Balance Sheet – Nonmajor Debt Service Funds	72-77
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balance – Nonmajor Debt Service Funds	
CAPITAL PROJECT FUND	79
Description	80-85
Combining Balance Sheet – Nonmajor Capital Projects Fund	86-91
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balance – Nonmajor Capital Projects Fund	
COMPONENT UNIT	93
Description	94
Combined Balance Sheet – Downtown Development	
Authority – All Fund Types and Account Groups	95
Combined Statement of Revenues, Expenditures	
and Changes in Fund Balance – Downtown	
Development Authority	
SCHEDULE OF INDEBTEDNESS	97-102
REPORT ON COMPLIANCE AND ON INTERNAL	
CONTROL OVER FINANCIAL REPORTING	
BASED ON AN AUDIT OF FINANCIAL	
STATEMENTS PERFORMED IN ACCORDANCE	
WITH <u>GOVERNMENT AUDITING STANDARDS</u>	103
LETTERS OF COMMENTS AND RECOMMENDATIONS	105-106



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INDEPENDENT AUDITORS' REPORT

Township Board
Charter Township of Commerce
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of and for the year ended December 31, 2003, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Charter Township of Commerce. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, the Charter Township of Commerce adopted the provision of Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments Omnibus* and GASB 38, *Certain Financial Statement Notes Disclosures*, as of January 1, 2003.

The management's discussion and analysis and the required supplementary information on pages 3 through 6 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Commerce's basic financial statements. The accompanying introductory section, supplemental financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Charter Township of Commerce. The supplemental financial information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2004 on our consideration of the Charter Township of Commerce's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.


Certified Public Accountants

East Lansing, Michigan
June 18, 2004

MANAGEMENT'S DISCUSSION LETTER

As management of the Charter Township of Commerce, we offer readers of the Charter Township of Commerce the financial statement and this overview of the financial activities of the Charter Township of Commerce for the fiscal year ended December 31, 2003.

The Charter Township of Commerce has a balanced budget as of December 31, 2003. All Funds indicated herein show our current balance as of December 31, 2003.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Charter Township of Commerce's basic financial statements. The Charter Township of Commerce's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

Government-wide Financial Statements

The government –wide financial statements are designed to provide readers with a broad overview of the Charter Township of Commerce's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Charter Township of Commerce's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Charter Township of Commerce is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changes during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Charter Township of Commerce that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Charter Township of Commerce include general government, public safety, public works, and culture and recreation.

The government-wide financial statements can be found on pages 9-11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter Township of Commerce, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter Township of Commerce can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

The Charter Township of Commerce adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-18 and 47-91 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Charter Township of Commerce's own programs.

The basic fiduciary fund financial statements can be found on pages 22-25 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements the notes to the financial statements can be found on pages 31-45 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter Township of Commerce's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 25 of this report.

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual funds statements and schedules can be found on pages 26-27 and 47-91 of this report.

Financial Highlights

The assets of the Charter Township of Commerce exceeded its liabilities at the close of December 31, 2003 by \$43,080,884 (net assets). Of this amount, \$33,737,315 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the Charter Township of Commerce governmental funds reported combined ending fund balances of \$26,948,277, an increase of \$5,252,305 in comparison with the prior year. Approximately of this total amount, \$15,145,522 is available for spending at the government's discretion (unreserved fund balance). Each fund will explain how this is done.

At the end of the current fiscal year, fund balance for the general fund was \$3,019,994. Of this \$1,033,209 will be transferred to the Fire Fund. The Fire Fund is supplemented by the General Fund. After the tax money is spent in the fire fund the balance is supported by the general fund. This is the first year we have a Fire Fund separate from the General Fund. After supplementing the Fire Fund the General Fund has an unreserved fund balance of \$1,986,785.

The Charter Township of Commerce also has an Improvement Revolving Fund. The fund balance as of December 31, 2003 for this fund is \$13,640,185. Of this amount \$2,949,000 is reserved. \$36,000 for the Huron river pump station, \$200,000 for the water main loop at Commerce Road and Carroll Lake Road, \$350,000 for the waste water treatment plant study, \$76,000 for the Wolverine/Commerce water line extension, \$1,800,000 for the Newton/South commerce sanitary sewer force main, \$200,000 for construction wetland improvement for Lake Berry and \$287,000 for the Benstein Rd. water meter and meter pit. Leaving unreserved fund balance of \$10,691,185. This fund is used as a water and sewer fund. Any money brought in for the use of the water and sewer system is generated into this fund. Expenditures in this fund are for the sewer treatment plant expansion and any water or sewer expenses that arise.

The Charter Township of Commerce maintains seventy individual governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report. An explanation of these funds is provided as follows:

The Road Improvement Fund sources of revenues are by millage or transfers from the General Fund. Originally this fund was created in the late 70's when a millage was passed to pave most of the primary roads in Commerce Township. Except for Cooley Lake Road at the North end of Commerce. At the end of the current fiscal year the fund balance for the Road Improvement Fund is \$727,940. Reserved fund balance is \$148,925, of which \$68,925 is to be used for the S. Commerce Road Culvert Improvement and \$80,000 to be used for the Union Lake Road Right Away Acquisition.

The Community Development Fund is a fund that is funded by a Community Development Block Grant. This is federal money that is used to help low income residents, senior citizens, Commerce Township Senior Center, supply meals to homebound seniors, shelter for abused women and children. The Township received \$28,414. The money is reimbursed to the township after the money is spent. Once a project is completed the paid bill is submitted to Oakland County Community & Home Improvement Program and then the money is reimbursed back to the township. The township has two years to spend the year's allocation.

The Improvement and Building Fund balance at the end of December 31, 2003 is \$2,617,276. Of this \$2,408,294 is reserved for Library Construction and Single Year SAD's, leaving \$208,982 for capital improvements. Money is transferred here from the General Fund to pay for capital improvements.

The Cemetery fund balance at the end of December 31, 2003 is \$138,364 which is an increase of \$3,350 from the prior year. Revenues for this fund are generated from the sale of cemetery lots, interest earned in the account and donations. Expenditures for this fund is the contractual agreement for the lawn maintenance.

The Museum fund balance at the end of December 31, 2003 is \$132,409. Money in this fund was generated from sale of cookbooks, shirts, etc. and quilt shows. There was also a grant received of \$20,000 which is included in the fund balance.

The Retirement Health Benefit fund balance at the end of December 31, 2003 is \$19,047. This fund is funded by the general fund for the retirement of AFSCME Union employees.

The Fire fund balance at the end of December 31, 2003 is \$(1,033,209). Money from the general fund is supplemented to support this fund. The residents of Commerce Township voted in a millage to help support the fire department. This brought in \$951,588 in revenues in 2003 with expenditures at \$1,984,797 leaving the general fund supplementing this fund by \$1,033,209.

The Charter Township of Commerce also has Debt Service Funds which are used to finance and account for the payment of interest and principal on all general obligation debt and revenue bonds issued for and serviced by the Charter Township of Commerce.

The Capital Projects Funds provide a formal mechanism which enables the Charter Township of Commerce to ensure that revenues dedicated to a certain project is used only for that purpose and further enables them to report to creditors and other grantors of Capital Projects Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

The Charter Township of Commerce and its Downtown Development Authority both maintains an AA-/A1 from Standard & Poors and an Aa2 from Moody's Investors Service for its General Obligation Limited Tax (GOLT) debt.

State statutes limit the amount of general obligation debt of a governmental entity to 10 percent of its total assessed value. The current debt limitation for the Charter Township of Commerce is \$210,449,925 which is significantly in excess of the Charter Township of Commerce's outstanding general obligation debt of \$30,651,000.

The Charter Township of Commerce has three Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Charter Township of Commerce's own programs.

Government –wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Charter Township of Commerce, assets exceeded liabilities by \$43,080,884 at the close of 2003.

By far the largest portion of the Charter Township of Commerce's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Charter Township of Commerce uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Charter Township of Commerce's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial Analysis of the Government's Funds

The Charter Township of Commerce uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Charter Township of Commerce's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Charter Township of Commerce's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Charter Township of Commerce's governmental funds reported combined ending fund balance of \$26,948,277. Approximately \$14,145,422 of this total is available for spending at the government's discretion as shown above. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed.

General Fund Budgetary Highlights

In 2002 the township budget is approved and adjusted in October. Preparation of the township budget is started in August for the year of 2003. This much lead time causes speculation of revenues and expenditures which causes for amendments from time to time so we can conform to the state statue of a balanced budget. Differences between the original budget and the final amended budget were relatively minor (86,125 increase in appropriations) and can be briefly summarized as follows:

\$69,555 in general services and other costs in general government activities.
\$17,570 increase in weed and dust control and street lighting.
\$ 1,000 decrease in ordinance enforcement

Capital Asset and Debt Administration

Capital assets. The Charter Township of Commerce's investment in capital assets for its governmental type activities as of December 31, 2003, amounts to \$381,704 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and sewer and water infrastructure.

Long-term debt. At the end of December, 2003 the Charter Township of Commerce had a total bonded debt outstanding of \$30,651,000. Of this amount, \$16,251,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

Requests for Information

This financial report is designed to provide a general overview of the Charter Township of Commerce's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Supervisor, 2840 Fisher Avenue, Commerce Township, MI 48390.

GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

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CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF NET ASSETS

DECEMBER 31, 2003

	GOVERNMENTAL ACTIVITIES	COMPONENT UNITS
ASSETS		
Cash	\$ 12,173,945	\$ 8,249,368
Investments	14,853,846	5,000,000
Receivables		
Interest	61,956	13,381
Taxes	4,503,468	
Accounts	177,443	
Special assessments	14,218,386	
Prepaid expenses	66,907	
Due from		
Other funds	67,936	
Other governmental units	394,011	
Fixed assets (net of accumulated depreciation)	<u>14,891,814</u>	<u>12,896,901</u>
TOTAL ASSETS	<u>\$ 61,409,712</u>	<u>\$ 26,159,650</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 773,492	\$ 60,923
Payroll and payroll taxes	74,275	
Accrued interest	130,061	
Deposits payable		
Bonds and notes payable	2,479,000	300,000
Noncurrent liabilities		
Bonds and notes payable	<u>14,872,000</u>	<u>13,000,000</u>
TOTAL LIABILITIES	<u>18,328,828</u>	<u>13,360,923</u>
NET ASSETS		
Invested in capital assets, net of related debt	(2,459,186)	(403,099)
Restricted for		
Construction	5,506,219	
Debt service	6,296,536	
Unrestricted	<u>33,737,315</u>	<u>13,201,826</u>
TOTAL NET ASSETS	<u>43,080,884</u>	<u>12,798,727</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 61,409,712</u>	<u>\$ 26,159,650</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

		PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
	EXPENSES		
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental activities			
General government	\$ 2,631,898	\$ 565,451	\$ 108,449
Public safety	5,529,384	923,697	
Public works	2,583,149	8,485,997	
Community development and enrichment			28,414
Highways and streets		101,038	
Culture and recreation	917,948	14,625	
Other	99,542		
Interest on long-term debt	739,679		
Total governmental activities	<u>12,501,600</u>	<u>10,090,808</u>	<u>136,863</u>
Component unit			
Downtown Development Authority	<u>1,585,058</u>		
Total Component Unit	<u>\$ 1,585,058</u>	<u>\$</u>	<u>\$</u>
General revenues			
Property taxes levied for general purposes			
Property taxes levied for debt service			
Sales taxes			
Miscellaneous			
Alcoholic beverage taxes			
Unrestricted investment earnings			
Transfers			
Total general revenues and transfers			
Change in net assets			
Net assets, January 1			
Net assets, December 31			

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
\$	\$ (1,957,998)	\$	\$ (1,957,998)	\$
	(4,605,687)		(4,605,687)	
	5,902,848		5,902,848	
	28,414		28,414	
	101,038		101,038	
	(903,323)		(903,323)	
	(99,542)		(99,542)	
	(739,679)		(739,679)	
	(2,273,929)		(2,273,929)	
				(1,585,058)
				(1,585,058)
\$				
	4,221,515		4,221,515	2,004,119
	528,684		528,684	
	2,273,373		2,273,373	
	1,020,804		1,020,804	
	5,755		5,755	
	1,219,160		1,219,160	81,491
	587,000		587,000	(433,000)
	9,856,291		9,856,291	1,652,610
	7,582,362		7,582,362	67,552
	35,498,522		35,498,522	12,731,175
\$	\$ 43,080,884	\$	\$ 43,080,884	\$ 12,798,727

CHARTER TOWNSHIP OF COMMERCE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2003

ASSETS

	GENERAL	IMPROVEMENT REVOLVING	2000 CENTRAL WEST SEWER EXTENSION
ASSETS			
Cash	\$ 1,046,958	\$ 2,942,746	\$ 646,268
Investments	1,400,000	10,196,152	
Receivables			
Interest	12,865	36,914	
Taxes	3,283,439		
Accounts	177,443		
Special assessments			4,216,771
Due from			
Other funds	592,211	556,822	
Other governmental units	387,810		
Prepaid expenses	<u>66,907</u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>6,967,633</u>	\$ <u>13,732,634</u>	\$ <u>4,863,039</u>

LIABILITIES AND FUND EQUITY

LIABILITIES			
Interfund borrowing	\$	\$	\$
Payables			
Accounts	500,717	43,476	
Payroll and payroll taxes	37,729		
Due to other funds	125,754	48,973	
Deferred revenue	<u>3,283,439</u>	<u> </u>	<u>4,216,771</u>
TOTAL LIABILITIES	<u>3,947,639</u>	<u>92,449</u>	<u>4,216,771</u>
FUND BALANCE			
Reserved for construction projects		2,949,000	
Reserved for debt service			646,268
Unreserved, reported in			
General fund	3,019,994		
Special revenue funds		10,691,185	
Capital projects funds	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>3,019,994</u>	<u>13,640,185</u>	<u>646,268</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>6,967,633</u>	\$ <u>13,732,634</u>	\$ <u>4,863,039</u>

See accompanying notes to financial statements.

2002
SPECIAL
PROJECT #19
HILLS OF BOGIE
LAKE SEWER
SHADY POINTE
SEWER
WINEWOOD
WATER
LADD ROAD
WATER

LADD
ROAD WATER

OTHER
GOVERNMENTAL
FUNDS

TOTAL
GOVERNMENTAL
FUNDS

\$ 788,134	\$ 785,072	\$ 6,501,373	\$ 12,710,551
		3,257,694	14,853,846
	602	11,575	61,956
		1,220,029	4,503,468
			177,443
3,670,359		6,331,256	14,218,386
		165,069	1,314,102
		6,201	394,011
			66,907
<u>\$ 4,458,493</u>	<u>\$ 785,674</u>	<u>\$ 17,493,197</u>	<u>\$ 48,300,670</u>
\$	\$	\$ 536,606	\$ 536,606
	144,906	84,393	773,492
		36,546	74,275
	4,267	1,067,172	1,246,166
<u>3,670,359</u>	<u></u>	<u>7,551,285</u>	<u>18,721,854</u>
<u>3,670,359</u>	<u>149,173</u>	<u>9,276,002</u>	<u>21,352,393</u>
		2,557,219	5,506,219
788,134		4,862,134	6,296,536
			3,019,994
		256,889	10,948,074
	<u>636,501</u>	<u>540,953</u>	<u>1,177,454</u>
<u>788,134</u>	<u>636,501</u>	<u>8,217,195</u>	<u>26,948,277</u>
<u>\$ 4,458,493</u>	<u>\$ 785,674</u>	<u>\$ 17,493,197</u>	<u>\$ 48,300,670</u>

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CHARTER TOWNSHIP OF COMMERCE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

Total fund balances-governmental funds		\$ 26,948,277
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$17,546,702 and the accumulated depreciation is \$2,654,888		14,891,814
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bonds payable	\$ 17,351,000	
Accrued interest	130,061	
Contracts payable		
Compensated absences		(17,481,061)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		18,721,854
Total net assets-governmental activities		<u>\$ 43,080,884</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	GENERAL	IMPROVEMENT REVOLVING	2000 CENTRAL WEST SEWER EXTENSION
REVENUES			
Taxes	\$ 3,598,018	\$	\$
Licenses and permits	307,657		
Intergovernmental	2,381,822		
Charges for services and special assessments	2,005,793	5,132,793	248,210
Fines and forfeits	63,792		
Interest and rentals	191,301	165,055	230,209
Other revenues	149,548	247,827	
TOTAL REVENUES	<u>8,697,931</u>	<u>5,545,675</u>	<u>478,419</u>
EXPENDITURES			
General government	2,502,870		
Public safety	2,519,719		
Public works	1,530,487		
Culture and recreation	898,330		
Debt service			
Principal retirement			240,000
Interest and fiscal charges			187,640
Refunds			
Capital outlay		1,121,833	
TOTAL EXPENDITURES	<u>7,451,406</u>	<u>1,121,833</u>	<u>427,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,246,525</u>	<u>4,423,842</u>	<u>50,779</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of bond issues and loans			
Operating transfers in		159,812	
Operating transfers out	(15,618)	(174,770)	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,618)</u>	<u>(14,958)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>1,230,907</u>	<u>4,408,884</u>	<u>50,779</u>
FUND BALANCE, JANUARY 1	<u>1,789,087</u>	<u>9,231,301</u>	<u>595,489</u>
FUND BALANCE, DECEMBER 31	<u>\$ 3,019,994</u>	<u>\$ 13,640,185</u>	<u>\$ 646,268</u>

See accompanying notes to financial statements.

2002
SPECIAL
PROJECT #19
HILLS OF BOGIE
LAKE SEWER
SHADY POINTE
SEWER
WINEWOOD
WATER
LADD ROAD
WATER

	LADD ROAD WATER	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	\$	\$	\$
		1,735,248	5,333,266
			307,657
		28,414	2,410,236
979,499		2,631,081	10,997,376
			63,792
166,535	6,173	524,427	1,283,700
		193,195	590,570
<u>1,146,034</u>	<u>6,173</u>	<u>5,112,365</u>	<u>20,986,597</u>
		47,645	2,550,515
		2,728,962	5,248,681
			1,530,487
			898,330
290,000		2,590,798	3,120,798
67,900		474,319	729,859
		99,542	99,542
	2,327,515	3,329,306	6,778,654
<u>357,900</u>	<u>2,327,515</u>	<u>9,270,572</u>	<u>20,956,866</u>
<u>788,134</u>	<u>(2,321,342)</u>	<u>(4,158,207)</u>	<u>29,731</u>
	3,292,365	1,343,209	4,635,574
	(92,238)	1,082,230	1,242,042
		<u>(372,416)</u>	<u>(655,042)</u>
	3,200,127	2,053,023	5,222,574
788,134	878,785	(2,105,184)	5,252,305
	<u>(242,284)</u>	<u>10,322,379</u>	<u>21,695,972</u>
<u>\$ 788,134</u>	<u>\$ 636,501</u>	<u>\$ 8,217,195</u>	<u>\$ 26,948,277</u>

CHARTER TOWNSHIP OF COMMERCE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

Net changes in fund balances-total governmental funds	\$ 5,252,305
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets	5,725,992
Less: current year depreciation	(381,704)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,489,635)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	
Bond and loan proceeds	(4,635,574)
Accrued interest	(9,820)
Principal payments	<u>3,120,798</u>
Change in net assets of governmental activities	\$ <u><u>7,582,362</u></u>

CHARTER TOWNSHIP OF COMMERCE

GENERAL FUND

**STATEMENT OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>BUDGETED AMOUNTS</u>			VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Taxes				
Current	\$ 4,484,520	\$ 3,532,551	\$ 3,496,851	\$ (35,700)
Penalties and interest on delinquent taxes	234,773	1,100	21,708	20,608
Payment in lieu of taxes	806	1,350	1,917	567
Summer tax collection fee	74,000	74,000	71,573	(2,427)
Trailer fees	6,161	6,161	5,969	(192)
	<u>4,800,260</u>	<u>3,615,162</u>	<u>3,598,018</u>	<u>(17,144)</u>
Licenses and permits				
Building permits and fees	25,920	36,850	37,765	915
Other licenses	2,500	150	5,755	5,605
Franchise fees	3,500			
Cable television fees	230,000	196,000	264,137	68,137
	<u>261,920</u>	<u>233,000</u>	<u>307,657</u>	<u>74,657</u>
Intergovernmental revenues				
State revenue sharing	2,674,554	2,286,000	2,273,373	(12,627)
Federal and state grants	500		108,449	108,449
	<u>2,675,054</u>	<u>2,286,000</u>	<u>2,381,822</u>	<u>95,822</u>
Charges for services				
Zoning fees	25,000	13,150	18,100	4,950
Administration fees	230,000	337,400	339,109	1,709
Refuse fees	1,500,000	1,500,000	1,430,596	(69,404)
DDA fees	55,000	55,000	55,000	
Walled Lake Schools fee	89,450	89,450	89,450	
Dust and weed control fees	51,993	51,993	51,881	(112)
Snow removal fees	2,505	2,505	2,504	(1)
Street lighting fees	20,000	20,000	19,153	(847)
	<u>1,973,948</u>	<u>2,069,498</u>	<u>2,005,793</u>	<u>(63,705)</u>
Fines and forfeitures	75,000	63,350	63,792	442
Rents	35,000	64,550	64,540	(10)
Reimbursements	1,500	48,500	48,176	(324)
Interest income	135,000	104,500	126,761	22,261
Miscellaneous	72,554	112,230	101,372	(10,858)
TOTAL REVENUES	\$ <u>10,030,236</u>	\$ <u>8,596,790</u>	\$ <u>8,697,931</u>	\$ <u>101,141</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

GENERAL FUND

**STATEMENT OF EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
GENERAL GOVERNMENT				
Expenditures				
Township board	\$ 32,300	\$ 32,300	\$ 28,826	\$ 3,474
Township supervisor	105,480	105,480	108,679	(3,199)
Elections	43,000	5,000	3,898	1,102
Auditing and accounting	16,000	16,000	16,000	
Assessing	527,426	527,426	521,797	5,629
Legal fees	400,000	400,000	398,131	1,869
Township clerk	456,026	456,026	418,469	37,557
Tax roll and data processing	30,500	28,000	32,277	(4,277)
Board of review	7,000	4,200	4,700	(500)
General services	252,000	267,740	204,644	63,096
Township hall	114,200	105,500	107,964	(2,464)
Township treasurer	319,852	319,852	310,386	9,466
Other costs	<u>187,400</u>	<u>293,215</u>	<u>347,099</u>	<u>(53,884)</u>
	<u>2,491,184</u>	<u>2,560,739</u>	<u>2,502,870</u>	<u>57,869</u>
 Public safety				
Police protection	2,231,373	2,231,373	2,214,402	16,971
Ordinance enforcement	168,734	167,734	91,173	76,561
Fire protection			(31,703)	31,703
Building and inspection			(692)	692
Planning and zoning	<u>241,905</u>	<u>241,905</u>	<u>246,539</u>	<u>(4,634)</u>
	<u>2,642,012</u>	<u>2,641,012</u>	<u>2,519,719</u>	<u>121,293</u>
 Public works				
Weed and dust control	75,748	80,918	81,857	(939)
Street lighting	20,000	32,400	35,083	(2,683)
Refuse	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,413,547</u>	<u>86,453</u>
	<u>1,595,748</u>	<u>1,613,318</u>	<u>1,530,487</u>	<u>82,831</u>
 Culture and recreation				
Parks and recreation	256,883	256,883	235,580	21,303
Library services	<u>663,047</u>	<u>663,047</u>	<u>662,750</u>	<u>297</u>
	<u>919,930</u>	<u>919,930</u>	<u>898,330</u>	<u>21,600</u>
 TOTAL EXPENDITURES	\$ <u><u>7,648,874</u></u>	\$ <u><u>7,734,999</u></u>	\$ <u><u>7,451,406</u></u>	\$ <u><u>283,593</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

IMPROVEMENT REVOLVING FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 5,058,197	\$ 5,269,190	\$ 5,132,793	\$ (136,397)
Interest on investments	180,800	123,575	165,055	41,480
Other		248,500	247,827	(673)
TOTAL REVENUES	<u>5,238,997</u>	<u>5,641,265</u>	<u>5,545,675</u>	<u>(95,590)</u>
EXPENDITURES				
Capital outlay	<u>5,836,100</u>	<u>1,124,690</u>	<u>1,121,833</u>	<u>2,857</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(597,103)</u>	<u>4,516,575</u>	<u>4,423,842</u>	<u>(92,733)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in		83,890	159,812	75,922
Operating transfers out		(164,000)	(174,770)	(10,770)
TOTAL OTHER FINANCING SOURCES (USES)		<u>(80,110)</u>	<u>(14,958)</u>	<u>65,152</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(597,103)</u>	<u>4,436,465</u>	<u>4,408,884</u>	<u>(27,581)</u>
FUND BALANCE, JANUARY 1	<u>9,231,301</u>	<u>9,231,301</u>	<u>9,231,301</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 8,634,198</u>	<u>\$ 13,667,766</u>	<u>\$ 13,640,185</u>	<u>\$ (27,581)</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2003

	<u>AGENCY FUNDS</u>		<u>PENSION TRUST FUND DEFINED CONTRIBUTION PENSION PLAN</u>	
	TRUST AND AGENCY	CURRENT TAX COLLECTION		TOTALS
ASSETS				
Cash and cash equivalents	\$ 1,347,761	\$ 11,667,622	\$	\$ 13,015,383
Investments	<u>1,220,970</u>	<u>200,000</u>	<u>3,283,613</u>	<u>4,704,583</u>
TOTAL ASSETS	\$ <u><u>2,568,731</u></u>	\$ <u><u>11,867,622</u></u>	\$ <u><u>3,283,613</u></u>	\$ <u><u>17,719,966</u></u>
LIABILITIES				
Deposits payable				
Refundable bonds	\$ 1,428,588	\$	\$	\$ 1,428,588
Escrow deposits	1,541,787			1,541,787
Due to other funds	60,568	7,368		67,936
Due to other governmental units		11,860,254		11,860,254
Other liabilities	<u>(462,212)</u>	<u></u>	<u></u>	<u>(462,212)</u>
TOTAL LIABILITIES	<u><u>2,568,731</u></u>	<u><u>11,867,622</u></u>	<u></u>	<u><u>14,436,353</u></u>
NET ASSETS				
Held in trust for pension benefits	<u></u>	<u></u>	<u>3,283,613</u>	<u>3,283,613</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>2,568,731</u></u>	\$ <u><u>11,867,622</u></u>	\$ <u><u>3,283,613</u></u>	\$ <u><u>17,719,966</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES OF INDIVIDUAL FUNDS - AGENCY

FOR THE YEAR ENDED DECEMBER 31, 2003

	BALANCE JANUARY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2003
TRUST AND AGENCY FUND				
ASSETS				
Cash and cash equivalents	\$ 950,808	\$ 17,319,383	\$ 16,922,430	\$ 1,347,761
Investments	<u>1,260,127</u>	<u>4,207,865</u>	<u>4,247,022</u>	<u>1,220,970</u>
TOTAL ASSETS	\$ <u>2,210,935</u>	\$ <u>21,527,248</u>	\$ <u>21,169,452</u>	\$ <u>2,568,731</u>
LIABILITIES				
Due to other funds	\$ 54,009	\$ 6,559	\$	\$ 60,568
Deposits payable	2,151,813	2,978,030	2,159,468	2,970,375
Other liabilities	<u>5,113</u>	<u>1,739,952</u>	<u>2,207,277</u>	<u>(462,212)</u>
TOTAL LIABILITIES	\$ <u>2,210,935</u>	\$ <u>4,724,541</u>	\$ <u>4,366,745</u>	\$ <u>2,568,731</u>
CURRENT TAX COLLECTION FUND				
ASSETS				
Cash and cash equivalents	\$ 13,936,481	\$ 54,426,105	\$ 56,694,964	\$ 11,667,622
Investments	<u></u>	<u>200,000</u>	<u></u>	<u>200,000</u>
TOTAL ASSETS	\$ <u>13,936,481</u>	\$ <u>54,626,105</u>	\$ <u>56,694,964</u>	\$ <u>11,867,622</u>
LIABILITIES				
Due to other funds	\$ 4,827	\$ 2,541	\$	\$ 7,368
Due to others	<u>13,931,654</u>	<u>60,012,398</u>	<u>62,083,798</u>	<u>11,860,254</u>
TOTAL LIABILITIES	\$ <u>13,936,481</u>	\$ <u>60,014,939</u>	\$ <u>62,083,798</u>	\$ <u>11,867,622</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
ALL AGENCY FUNDS
COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

	BALANCE JANUARY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2003
ASSETS				
Cash and cash equivalents	\$ 14,887,289	\$ 71,745,488	\$ 73,617,394	\$ 13,015,383
Investments	<u>1,260,127</u>	<u>4,407,865</u>	<u>4,247,022</u>	<u>1,420,970</u>
TOTAL ASSETS	<u>\$ 16,147,416</u>	<u>\$ 76,153,353</u>	<u>\$ 77,864,416</u>	<u>\$ 14,436,353</u>
LIABILITIES				
Due to other funds	\$ 58,836	\$ 9,100	\$	\$ 67,936
Due to others	13,931,654	60,012,398	62,083,798	11,860,254
Deposits payable	2,151,813	2,978,030	2,159,468	2,970,375
Other liabilities	<u>5,113</u>	<u>1,739,952</u>	<u>2,207,277</u>	<u>(462,212)</u>
TOTAL LIABILITIES	<u>\$ 16,147,416</u>	<u>\$ 64,739,480</u>	<u>\$ 66,450,543</u>	<u>\$ 14,436,353</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2003

	ACTUAL
ADDITIONS	
Contributions	
Federal grants	
Employer	\$ 287,930
Investment income	
Interest	<u>509,935</u>
TOTAL ADDITIONS	<u>797,865</u>
DEDUCTIONS	
Benefits	
Refunds of contributions	60,276
Other deductions	<u>20,064</u>
TOTAL DEDUCTIONS	<u>80,340</u>
NET INCREASE	717,525
NET ASSETS, JANUARY 1	<u>2,566,088</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 3,283,613</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2003

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 608,914	\$ 5,172,101	\$ 720,358	\$ 6,501,373
Investments	3,257,694			3,257,694
Receivables				
Interest	10,668	894	13	11,575
Taxes	1,220,029			1,220,029
Special assessments		6,331,256		6,331,256
Due from				
Other funds	121,726	39,569	3,774	165,069
Other governmental units	6,201			6,201
TOTAL ASSETS	<u>\$ 5,225,232</u>	<u>\$ 11,543,820</u>	<u>\$ 724,145</u>	<u>\$ 17,493,197</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Interfund borrowing	\$ 536,606	\$	\$	\$ 536,606
Payables				
Accounts	47,490		36,903	84,393
Payroll and payroll taxes	36,546			36,546
Due to other funds	570,453	350,430	146,289	1,067,172
Deferred revenue	<u>1,220,029</u>	<u>6,331,256</u>		<u>7,551,285</u>
TOTAL LIABILITIES	<u>2,411,124</u>	<u>6,681,686</u>	<u>183,192</u>	<u>9,276,002</u>
FUND BALANCE				
Reserved for construction	2,557,219			2,557,219
Reserved for debt service		4,862,134		4,862,134
Unreserved	<u>256,889</u>		<u>540,953</u>	<u>797,842</u>
TOTAL FUND BALANCE	<u>2,814,108</u>	<u>4,862,134</u>	<u>540,953</u>	<u>8,217,195</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,225,232</u>	<u>\$ 11,543,820</u>	<u>\$ 724,145</u>	<u>\$ 17,493,197</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2003

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 1,206,564	\$ 528,684	\$	\$ 1,735,248
Intergovernmental	28,414			28,414
Interest income	76,274	433,569	14,584	524,427
Charges for services	965,822			965,822
Special assessments		1,620,725	44,534	1,665,259
Other revenues	88,749		104,446	193,195
TOTAL REVENUES	<u>2,365,823</u>	<u>2,582,978</u>	<u>163,564</u>	<u>5,112,365</u>
EXPENDITURES				
General government	47,645			47,645
Public safety	2,728,962			2,728,962
Debt service				
Principal retirement		2,590,798		2,590,798
Interest and fiscal charges		474,319		474,319
Refunds		99,542		99,542
Capital outlay	780,772		2,548,534	3,329,306
TOTAL EXPENDITURES	<u>3,557,379</u>	<u>3,164,659</u>	<u>2,548,534</u>	<u>9,270,572</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,191,556)</u>	<u>(581,681)</u>	<u>(2,384,970)</u>	<u>(4,158,207)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds			1,343,209	1,343,209
Operating transfers in	598,000	296,650	187,580	1,082,230
Operating transfers out		(5,851)	(366,565)	(372,416)
TOTAL OTHER FINANCING SOURCES (USES)	<u>598,000</u>	<u>290,799</u>	<u>1,164,224</u>	<u>2,053,023</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(593,556)</u>	<u>(290,882)</u>	<u>(1,220,746)</u>	<u>(2,105,184)</u>
FUND BALANCE, JANUARY 1	<u>3,407,664</u>	<u>5,153,016</u>	<u>1,761,699</u>	<u>10,322,379</u>
FUND BALANCE, DECEMBER 31	<u>\$ 2,814,108</u>	<u>\$ 4,862,134</u>	<u>\$ 540,953</u>	<u>\$ 8,217,195</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF NET ASSETS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
DECEMBER 31, 2003

	DEBT SERVICE	CAPITAL PROJECTS	TOTALS (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$ 196,067	\$ 8,053,301	\$ 8,249,368
Investments		5,000,000	5,000,000
Interest receivable		13,381	13,381
Fixed assets (net of accumulated depreciation)		<u>12,896,901</u>	<u>12,896,901</u>
TOTAL ASSETS	<u>\$ 196,067</u>	<u>\$ 25,963,583</u>	<u>\$ 26,159,650</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$ 60,923	\$ 60,923
Long-term debt obligations	<u></u>	<u>13,300,000</u>	<u>13,300,000</u>
TOTAL LIABILITIES	<u></u>	<u>13,360,923</u>	<u>13,360,923</u>
FUND BALANCE			
Invested in capital assets, net of related debt		(403,099)	(403,099)
Unreserved - undesignated	<u>196,067</u>	<u>13,005,759</u>	<u>13,201,826</u>
TOTAL FUND BALANCE	<u>196,067</u>	<u>12,602,660</u>	<u>12,798,727</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 196,067</u>	<u>\$ 25,963,583</u>	<u>\$ 26,159,650</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2003

		PROGRAM REVENUES			TOTAL DOWNTOWN DEVELOPMENT AUTHORITY
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
EXPENSES					
Component units					
Downtown development authority	\$ <u>1,585,058</u>	\$ _____	\$ _____	\$ _____	\$ <u>(1,585,058)</u>
Total Component Units	\$ <u><u>1,585,058</u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>	<u><u>(1,585,058)</u></u>
General revenues					
Property taxes					2,004,119
Unrestricted investment earnings					81,491
Transfers					<u>(433,000)</u>
Total general revenues and transfers					<u>1,652,610</u>
Change in net assets					67,552
Net assets, January 1					<u>12,731,175</u>
Net assets, December 31					\$ <u><u>12,798,727</u></u>

See accompanying notes to financial statements.

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CHARTER TOWNSHIP OF COMMERCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Commerce was incorporated as a Michigan Charter Township under the provisions of P.A. 359 of 1947, as amended. The Township was originally organized in 1834 and covers an area of approximately 28 square miles. The Township operates under an elected Board of Trustees and provides services to approximately 35,000 residents, including police and fire protection, building ordinance enforcement, road improvements, and community services and enrichment, elections, tax assessments, planning, sewer and water, refuse disposal, street lighting, dust control, and aquatic weed control.

The accounting policies of the Charter Township of Commerce conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the Township are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the Township's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

Discretely Presented Component Units

The following entities are listed as discretely presented component units of the Township in the component unit column to emphasize their legally separate status from the primary government. The Township is financially accountable, and exclusion from the general-purpose financial statements would be misleading or incomplete.

Downtown Development Authority

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Charter Township of Commerce and its component unit. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services. The primary government of the Charter Township of Commerce is reported separately from certain legally separate component units for which the Charter Township of Commerce, the primary government, is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Charter Township of Commerce.

The Charter Township of Commerce reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

The Improvement Revolving Fund accounts for major improvements and other projects.

The 2000 Central West Sewer Extension Fund is used to account for the resources accumulated and payments made for principal and interest on these bonds.

The 2002 Special Project #19, Hills of Bogie Lake Sewer, Shady Pointe Sewer, Winewood Water, and Ladd Road Water Special Assessment Bond Fund is used to account for the resources accumulated and payments made for principal and interest payments on these bonds.

The Ladd Water Capital Project Fund is used to account for the expenditures incurred to install water mains.

Additionally, the Charter Township of Commerce reports the following fund types:

The Pension Trust Fund accounts for the activities of the Township employees retirement system, which accumulates resources for pension benefit payments to qualified Township employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Charter Township of Commerce has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

When both restricted and unrestricted resources are available for use, it is the Charter Township of Commerce's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgets

The Township prepares annual budgets for its General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds on the modified accrual basis, which is consistent with U.S. generally accepted accounting principles. Under the modified accrual basis, outstanding encumbrances are recognized as expenditures when goods or services are received/performed. Encumbrances outstanding at December 31, 2003 that are subsequently performed/received will be recognized as expenditures in the fiscal period in which performed/received.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity of three months or less. Investments are stated at fair value.

F. Inventories

The cost of inventory items in all of the Township's governmental funds are recorded as an expenditure at the time of purchase. As of December 31, 2003, the Township had no significant inventories on hand.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Charter Township of Commerce as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land Improvement	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years
Utility Systems	10-40 years
Streets	20-25 years
Bridges	20-25 years
Sidewalks	20-25 years

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Compensated Absences

The Township's sick pay and vacation pay policies do not allow for the accumulation of unused allowances subject to cash settlement in future periods. Therefore, no accrual has been recorded in the respective funds or the General Long-Term Debt Account Group.

I. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

J. Encumbrances

The Township does not record encumbrances outstanding at the end of the fiscal period as either expenditures or as a reservation of fund balance. Significant long-term contract commitments or board approved reservations of fund balance are recorded as reserves for subsequent years' expenditures, a fund balance appropriation similar to but distinct from a reserve for encumbrances.

K. Fund Balance Terminology

Reservations of fund balance are established to identify (1) third party claims against resources of the entity that have not materialized as liabilities at the balance sheet date, (2) the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure (for example, inventories, prepaid expenses, and non-current assets), or (3) legal restrictions as to expenditures and appropriations. Such reserves are not intended as valuation allowances, but merely demonstrate that such assets are not available for unspecified future expenditures.

L. Insurance and Similar Services

Insurance and similar services which extend over more than one accounting period are accounted for as expenditures in the period paid.

M. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues and expenditures. Actual results may differ from estimated amounts.

NOTE 2: COMPLIANCE WITH AMENDED BUDGET AND MICHIGAN PUBLIC ACT (P.A.) 621 OF 1978 AND OTHER BUDGET INFORMATION

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body..

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 2: **COMPLIANCE WITH AMENDED BUDGET AND MICHIGAN PUBLIC ACT (P.A.) 621 OF 1978 AND OTHER BUDGET INFORMATION - Concluded**

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for those budgetary funds are adopted at the activity level, as shown in the combining and individual fund financial statements.

During 2003, the Township did not incur expenditures in budgetary funds which were in excess of the amount appropriated.

The Township's appropriation resolution is generally passed during the December preceding the year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions state the purpose and amount of the budget changes. The Township Supervisor has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next fiscal year.

NOTE 3: **AMOUNT PAYABLE TO OTHER GOVERNMENTS AT DECEMBER 31, 2003**

The Trust and Agency Fund – Current Tax Collection Fund is used to account for the property taxes that the Township collects for various governmental units, such as the county and local schools. As of December 31, 2003, the Township had \$11,867,622 in property tax collections and related receipts in this fund which are payable to various units.

NOTE 4: **PROPERTY TAXES**

The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on assessed valuation of property as of the preceding December 31. Assessed valuation, which is required by law to be 50 percent of current market value, is established by the Township and is subject to possible equalization by the County and State. In addition to collecting their own taxes, the Township also acts as collection agent for all overlapping government entities in the Township, which includes school districts, a community college, and the County.

The Township recognizes property taxes as revenue in the year subsequent to the levy, except the DDA summer tax levy that is recognized as revenue when collected and remitted to the Township DDA from the tax account. Property taxes levied on December 1, 2002, (based on December 31, 1999 assess valuations), have been recorded as revenues in the current financial statements. Property taxes levied on December 1, 2003 have been recorded as taxes receivable with corresponding amounts recorded as deferred revenues in the Township's taxing funds.

Beginning approximately March 1, all unpaid taxes become delinquent and are collected by the Oakland County Treasurer. Any real property taxes returned delinquent to the Oakland County Treasurer are paid to the Township through the County's Delinquent Tax Revolving Fund.

Delinquent personal property taxes receivable are not recorded in the financial statements, since outstanding personal property taxes due the Township are relatively minor in amount, and prior experience has shown that a relatively small portion of the delinquent personal property taxes are collected after the close of the fiscal period in which they become delinquent.

The December 2002 levy was as follows:

Taxable property valuation: \$ 1,359,509,158

Millage rates:

General operating	1.4100
Extra voted fire	1.0498
Extra voted library	.6751
Extra voted law enforcement	.7000

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 5: CAPITAL ASSETS

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	JANUARY 1, 2003	ADDITIONS	DELETIONS	DECEMBER 31, 2003
Capital assets not being depreciated				
Land	\$ <u>3,740,056</u>	\$ <u>647,450</u>	\$ _____	\$ <u>4,387,506</u>
Capital assets being depreciated				
Buildings	5,708,893			5,708,893
Improvements	361,805	7,320		369,125
Machinery and equipment	2,009,956	310,674		2,320,630
Infrastructure	<u> </u>	<u>4,760,548</u>	<u> </u>	<u>4,760,548</u>
Total Capital assets being depreciated	<u>8,080,654</u>	<u>5,078,542</u>	<u> </u>	<u>13,159,196</u>
Less: Accumulated depreciation				
Buildings	853,672	140,860		994,532
Improvements	199,814	14,943		214,757
Machinery and equipment	1,219,698	225,901		1,445,599
Infrastructure	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Accumulated Depreciation	<u>2,273,184</u>	<u>381,704</u>	<u> </u>	<u>2,654,888</u>
Total Capital Assets being depreciated - Net	<u>5,807,470</u>	<u>4,696,838</u>	<u> </u>	<u>10,504,308</u>
NET CAPITAL ASSETS	\$ <u>9,547,526</u>	\$ <u>5,344,288</u>	\$ <u> </u>	\$ <u>14,891,814</u>

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 81,383
Public safety	280,703
Culture and recreation	<u>19,618</u>
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	\$ <u>381,704</u>

A summary of the asset activity for the governmental activity component unit is as follows:

COMPONENT UNIT	JANUARY 1, 2003	ADDITIONS	DELETIONS	DECEMBER 31, 2003
Infrastructure	\$	\$ 2,371,223	\$	\$ 2,371,223
Land	1,534,750			1,534,750
Buildings	10,898,095			10,898,095
Equipment	<u>127,800</u>	<u> </u>	<u> </u>	<u>127,800</u>
Total Capital Assets	<u>12,560,645</u>	<u>2,371,223</u>	<u> </u>	<u>14,931,868</u>
Less: accumulated depreciation				
Buildings	1,634,715	272,452		1,907,167
Equipment	<u>127,800</u>	<u> </u>	<u> </u>	<u>127,800</u>
Total Accumulated Depreciation	<u>1,762,515</u>	<u>272,452</u>	<u> </u>	<u>2,034,967</u>
NET CAPITAL ASSETS	\$ <u>10,798,130</u>	\$ <u>2,098,771</u>	\$ <u> </u>	\$ <u>12,896,901</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 6: CASH AND INVESTMENTS

The Township's deposits and investments at December 31, 2003 are included on the balance sheet under the following classifications:

	CASH AND CASH EQUIVALENTS	INVESTMENTS	INTERFUND BORROWING	CARRYING AMOUNT TOTAL
Deposits – Bank	\$ 24,688,245	\$	\$	\$ 26,036,006
Investments held by:				
Bank	500,000	16,274,816		16,574,816
Defined contribution plan	<u> </u>	<u>3,283,613</u>	<u> </u>	<u>3,283,613</u>
Deposits and investments	25,188,245	19,558,429		45,894,435
Petty cash and cash on hand	<u>1,083</u>	<u> </u>	<u> </u>	<u>1,083</u>
Total cash and investments	<u>\$ 25,189,328</u>	<u>\$ 19,558,429</u>	<u>\$</u>	<u>\$ 45,895,518</u>

DEPOSITS

At December 31, 2003, the book value of the Township's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$24,688,245 with a corresponding bank balance of \$25,368,846. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$700,000 is insured (credit risk category #1) and the remaining \$24,668,846 is uninsured and uncollateralized (credit risk category #3).

INVESTMENTS

The Township is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in that pool.

The Township's investments are categorized below to give an indication of the level or risk assumed by the entity at December 31, 2003. Risk Category 1 includes those investments that meet any one of the following criteria.

- A. Insured
- B. Registered
- C. Held by the Township or its agent

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by:

- A. The counterparty, or
- B. The counterparty's trust department (or agent) but not in the Township's name.

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Investment type:					
Certificates of deposit	\$ <u>303,855</u>	\$ <u>16,270,961</u>	\$ <u> </u>	\$ <u>16,574,816</u>	\$ <u>16,574,816</u>
Investments not subject to categorization:					
Defined contribution plan	<u> </u>	<u>3,283,613</u>	<u> </u>	<u>3,283,613</u>	<u>3,283,613</u>
TOTAL					
INVESTMENTS	\$ <u>303,855</u>	\$ <u>19,554,574</u>	\$ <u> </u>	\$ <u>19,858,429</u>	\$ <u>19,858,429</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 6: **CASH AND INVESTMENTS - Concluded**

INVESTMENTS – Concluded

Investments are stated at fair value, which is based on provided market values.

Deposits and investments are in compliance with statutory authority.

COMPONENT UNIT – DDA- CASH AND INVESTMENTS

The Authority's deposits and investments at December 31, 2003 are included on the balance sheet under the following classifications:

	CASH AND CASH EQUIVALENTS	INVESTMENTS	CARRYING AMOUNT TOTAL
Deposits – Bank	\$ 7,473,339	\$	\$ 7,473,339
Investments held by:			
Bank	<u>776,029</u>	<u>5,000,000</u>	<u>5,776,029</u>
Total cash and investments	\$ <u>8,249,368</u>	\$ <u>5,000,000</u>	\$ <u>13,249,368</u>

DEPOSITS

At December 31, 2003, the book value of the Downtown Development Authority's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$7,473,339 with a corresponding bank balance of \$7,495,298. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$212,187 is insured (risk category #1) and the remaining \$7,283,111 is uninsured and uncollateralized (risk category #3).

INVESTMENTS

The Authority is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in that pool.

The Authority's investments are categorized below to give an indication of the level or risk assumed by the entity at December 31, 2003. Risk Category 1 includes those investments that meet any one of the following criteria.

- A. Insured
- B. Registered
- C. Held by the Authority or its agent

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Authority's name. Category 3 includes investments held by:

- A. The counterparty, or
- B. The counterparty's trust department (or agent) but not in the Authority's name.

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Certificates of deposit	\$ 100,000	\$ 4,900,000		\$ <u>5,000,000</u>	\$ <u>5,000,000</u>
Investments not subject to categorization:					
Comerica "J" Fund				<u>776,029</u>	<u>776,029</u>
				\$ <u>5,776,029</u>	\$ <u>5,776,029</u>

Investments are stated at fair value, which is based on provided market values.

Deposits and investments are in compliance with statutory authority.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 7: **EMPLOYEE BENEFITS**

A. RETIREMENT PLAN

Plan Description

Substantially all of the employees of the Township are covered by a pension plan. The current plan is a defined contribution plan requiring contributions by the Township of 12% to 13% of each employee's base salary. The plan is administered by the Township through Manulife Financial. The employer's current year covered payroll approximates \$2,288,912 (total current year payroll for all employees approximates \$2,611,782). Employees may make voluntary contributions up to 10% of their annual compensation. Eligibility for coverage is the first work day on which the employee has reached age 18, but not more than 75 years of age, with 100% vesting after 20 months of employment. The Township's contribution for 2003 was \$268,919.

Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of the defined contribution plan are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments. Investments of the plan are reported at fair value based on provided market values. Investment income is recognized as earned. The net appreciation in the fair value of investments is recognized as additions to assets. Gains and losses on the sale of securities are recognized on the transaction date.

B. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with IRS section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. A trust has been established for the plan assets and the related assets and liability are not included in the Township's general purpose financial statements.

NOTE 8: **LONG-TERM OBLIGATIONS**

The State of Michigan Charter Township Act of 1947, as amended, limits the amount of general obligation debt that may be carried by the Charter Township of Commerce to an amount not to exceed ten percent of the latest assessed value of all real and personal property within the Township. In determining net debt, special assessment bonds, revenue bonds, and certain bonds issued for the abatement of pollution are not included in the calculation, even if such debt was issued as general obligation debt of the Township. In addition, any monies held by the Township for future payment of currently outstanding debt reduces the amount of debt subject to this provision.

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended December 31, 2003.

	SPECIAL ASSESSMENT BONDS	GENERAL OBLIGATION BONDS	NOTES PAYABLE	COMPENSATED ABSENCES
As of January 1, 2003	\$ 14,106,798	\$ 2,175,000	\$	\$
Additions (Reductions)	<u>2,144,202</u>	<u>12,225,000</u>	<u> </u>	<u> </u>
As of December 31, 2003	<u>\$ 16,251,000</u>	<u>\$ 14,400,000</u>	<u>\$</u>	<u>\$</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 8: **LONG-TERM OBLIGATIONS** - Continued

Long-term debt at December 31, 2003 is comprised of the individual issues:

	BALANCE JANUARY 1, 2003	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2003	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities - Primary Government				
1992 Lake Pine Capital Charges Special Assessment General Obligation Bonds, Series A	\$ 16,000	\$ (4,000)	\$ 12,000	\$ 4,000
1992 Special Assessment General Obligation Limited Tax Bond, Series B	1,360,000	(155,000)	1,205,000	155,000
1992 Clifford Smart Sewer Special Assessment General Obligation Limited Tax Bonds, Series E	7,798	(3,798)	4,000	
1993 Special Project #3 Special Assessment Limited Tax General Obligation Bonds, Series C	8,000	(8,000)		
1995 Riverwalk Sewer, Golfside Water and Special Project #5, Special Assessment Limited Tax General Obligation Bonds, Series B	15,000		15,000	
1995 Lake Sherwood Sewer and Special Project #6, Special Assessment Limited Tax General Obligation Bonds, Series C	290,000	(290,000)		
1996 Commerce Road Waterway and Special Project #7, Special Assessment Limited Tax General Obligation Bonds, Series A	105,000	(35,000)	70,000	35,000
1997 Special Project #8, Mt. Royal Water, Special Assessment Limited Tax General Obligation Bonds, Series A	480,000	(240,000)	240,000	

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 8: **LONG-TERM OBLIGATIONS** - Continued

	BALANCE JANUARY 1, 2003	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2003	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities - Primary Government - Continued				
1997 Commerce-Carroll Water and Sewer, MPB Pump Station and Lateral, Hoeft Water, South Benstein Sewer, Special Assessment Limited Tax General Obligation Bonds, Series A	\$ 640,000	\$ (320,000)	\$ 320,000	\$
2001 Carey/Commerce Water Main Tree Haven/Wenonah Hills Paving, Special Projects #9, Commerce Plaza Sewer, Wise Road Water, Special Assessment Limited Tax General Obligation Bonds, Series A	575,000	(115,000)	460,000	115,000
2001 North Shores/MPB Water, North Shores/MPB Sewer, Peninsular Park Sewer, Peninsular Park Water, Union Lake Highland Sewer, Four Oaks/Liesel Court Paving, Maynard Drain, Lower Mt. Royal Paving, Special Projects # 10, Special Projects #11, Special Assessment Limited Tax General Obligation Bonds, Series B	1,535,000	(260,000)	1,275,000	255,000
1999 Switzerland Sub Sewer, Edgewood North Water, West Village Sewer, Arbor Village Sewer, Fox Lake Canal Special Project # 12, Special Assessment Limited Tax General Obligation Bonds, Series A	600,000	(100,000)	500,000	100,000
1999 General Obligation Unlimited Tax Bonds	1,575,000	(475,000)	1,100,000	525,000
Special Assesment Limited Tax General Obligation Bonds, Series 2000-A	710,000	(110,000)	600,000	100,000
Special Assesment Limited Tax General Obligation Bonds, Series 2000-B	1,265,000	(200,000)	1,065,000	175,000

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 8: **LONG-TERM OBLIGATIONS** - Continued

	BALANCE JANUARY 1, 2003	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2003	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government - Continued				
2001 Golf Lane Special Project #13 Special Assessment Limited Tax General Obligation Bonds, Series B	\$ 625,000	\$(100,000)	\$ 525,000	\$ 100,000
2001 A Special Assessment #4202	740,000	(100,000)	640,000	100,000
Special Assesment Bonds Series 2002-A	4,460,000	(240,000)	4,220,000	240,000
Special Assesment Bonds Series 2002-BSA	675,000	(75,000)	600,000	75,000
Special Assesment Bonds Series 2003-A	<u> </u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>500,000</u>
Total Primary Government	<u>\$ 15,681,798</u>	<u>\$ 1,669,202</u>	<u>\$ 17,351,000</u>	<u>\$ 2,479,000</u>
Component Unit				
1989 Downtown Development Authority Limited Tax General Obligation Bonds	\$ 600,000	\$(300,000)	\$ 300,000	\$ 300,000
2003 Downtown Development Authority Limited Tax General Obligation Bonds	<u> </u>	<u>13,000,000</u>	<u>13,000,000</u>	<u> </u>
Total Component Unit	<u>\$ 600,000</u>	<u>\$ 12,700,000</u>	<u>\$ 13,300,000</u>	<u>\$ 300,000</u>

The annual requirements to pay future principal and interest are as follows:

YEAR ENDING JUNE 30,	REVENUE BONDS	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	PURCHASE CONTRACT	TOTAL
2004 Principal	\$	\$ 825,000	\$ 1,954,000	\$	\$ 2,779,000
Interest		279,333	656,638		935,971
Total		1,104,333	2,610,638		3,714,971
2005 Principal		575,000	2,215,000		2,790,000
Interest		271,500	573,690		845,190
Total		846,500	2,788,690		3,635,190
2006 Principal			2,164,000		2,164,000
Interest		260,000	487,987		747,987
Total		260,000	2,651,987		2,911,987
2007 Principal			1,860,000		1,860,000
Interest		260,000	404,336		664,336
Total		260,000	2,264,336		2,524,336

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 8: **LONG-TERM OBLIGATIONS - Concluded**

YEAR ENDING JUNE 30,		REVENUE BONDS	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	PURCHASE CONTRACT	TOTAL
2008	Principal	\$	\$ 425,000	\$ 1,745,000	\$	\$ 2,170,000
	Interest		260,000	335,424		595,424
	Total		685,000	2,080,424		2,765,424
2009	Principal		550,000	1,380,000		1,930,000
	Interest		251,500	265,538		517,038
	Total		801,500	1,645,538		2,447,038
2010	Principal		700,000	1,204,000		1,904,000
	Interest		240,500	211,636		452,136
	Total		940,500	1,415,636		2,356,136
2011	Principal		850,000	979,000		1,829,000
	Interest		226,500	165,761		392,261
	Total		1,076,500	1,144,761		2,221,261
2012	Principal		1,000,000	750,000		1,750,000
	Interest		209,500	125,250		334,750
	Total		1,209,500	875,250		2,084,750
Thereafter	Principal		9,475,000	2,000,000		11,475,000
	Interest		726,500	438,875		1,165,375
	Total		10,201,500	2,438,875		12,640,375
TOTAL	Principal		14,400,000	16,251,000		30,651,000
	Interest		2,985,333	3,665,135		6,650,468
	Total		17,385,333	19,916,135		37,301,468

There are a number of limitations and restrictions contained in the various bond indentures. The Township is in compliance with all significant limitations and restrictions.

NOTE 9: **INTERFUND BALANCE**

The amounts of interfund receivables and payables are as follows:

General	\$ 592,211	Improvement Revolving	\$ 6,939
		Special Revenue -	
		Building Inspection	122,068
		Community Development	4,411
		Trust and Agency	7,451
		Tax	7,368
		Fire	443,974
Subtotal	<u>592,211</u>	Subtotal	<u>592,211</u>
Special Revenue		Debt service	356,107
Improvement		Capital projects	146,289
and building	121,726	General fund	125,754
Improvement revolving	<u>559,541</u>	Trust and agency	<u>53,117</u>
Subtotal	<u>681,267</u>	Subtotal	<u>681,267</u>
	<u>36,850</u>	Debt service	<u>36,850</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

NOTE 9: **INTERFUND BALANCE - Concluded**

		Special revenue	
Capital projects	\$ <u>3,774</u>	Capital projects	\$ <u>3,774</u>
		Debt service	
Total	\$ <u>1,314,102</u>	Total	\$ <u>1,314,102</u>

RECONCILIATION TO STATEMENTS

	DUE FROM		DUE TO
Government funds	\$ <u>67,936</u>	Fiduciary	\$ <u>67,936</u>

NOTE 10: **RESERVED FUND BALANCE – IMPROVEMENT REVOLVING FUND**

The Township of Commerce has committed funds to construction projects in the Special Revenue Funds as of December 31, 2003 as follows:

Improvement Revolving Fund	
Huron River Pump Station	\$ 36,000
Water Main Loop Commerce Road & Carroll Lake Road	200,000
WWTP Study	350,000
Wolverine/Commerce Water Line Extension	76,000
Newton/South Commerce Sanitary Sewer Force Main	1,800,000
Construction Wetland Improvement – Lake Berry	200,000
Benstein Road Water Meter & Meter Pit	<u>287,000</u>
Subtotal	<u>2,949,000</u>
Improvement and Building Fund	
Library Construction	2,111,951
Single Year SAD's	<u>296,343</u>
Subtotal	<u>2,408,294</u>
Road Improvement Fund	
S. Commerce Road Culvert Improvement	68,925
Union Lake Right Away Acquisition	<u>80,000</u>
	<u>148,925</u>
TOTAL	\$ <u>5,506,219</u>

The total of \$5,506,219 is reported as reserved fund balance.

NOTE 11: **CONTINGENT LIABILITY**

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township Attorney, the resolution of these matters will not have a material effect of the financial condition of the Township.

NOTE 12: **RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees as well as medical benefits; and natural disasters. The Township manages its liability, property risk, and medical benefits through the purchase of commercial insurance.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Concluded
DECEMBER 31, 2003

NOTE 12: RISK MANAGEMENT - Concluded

The Township manages its workers' compensation insurance by participating in Michigan Municipal Workers' Compensation Fund, a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to the Fund for its insurance coverage. The Fund is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based coverage for each incident to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 13: POST RETIREMENT BENEFITS

As of April 1, 1997, half the health insurance costs of new retirees will be paid. During 2003 there was one retiree getting this benefit at a cost of \$5,870.

NOTE 14: ACCUMULATED FUND DEFICITS

The Township had the following fund deficits at December 31, 2003.

Capital Projects	
Ladd Road Water	\$(7)
Mount Royal Dredging	(123,297)
1992 Lake Pine Capital Charges	(1,369)
Special #1, #2, Boulder Sewer, Water	(20,693)

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GENERAL FUND

The General Fund exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, public works and general administration of the Township. Any other activity for which a special fund has not been created is accounted for in the General Fund.

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -

BY CATEGORY

LAST TEN FISCAL PERIODS

(UNAUDITED)

	1994	1995	1996	1997
REVENUES				
Current property taxes	\$ 2,124,395	\$ 2,237,867	\$ 2,310,306	\$ 2,458,163
Excess of roll	182,492	79,421	92,229	75,419
Delinquent taxes, penalties and interest	11,246	9,055	7,405	17,305
Payment in lieu of taxes	203	203	203	203
State revenue sharing	1,305,029	1,377,816	1,808,325	1,772,795
Permits, licenses and fees	774,143	822,377	790,249	966,944
Interest on investments	152,631	269,938	253,870	339,665
Federal, state and local grants				
Other	4,410	29,540	33,200	134,150
Miscellaneous fees	10,159	12,128	11,600	33,946
Other	<u>111,554</u>	<u>125,777</u>	<u>103,833</u>	<u>104,663</u>
REVENUES BEFORE OTHER FINANCING SOURCES	<u>4,676,262</u>	<u>4,964,122</u>	<u>5,411,220</u>	<u>5,903,253</u>
OTHER OPERATING SOURCES				
Operating transfers in	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ <u><u>4,676,262</u></u>	\$ <u><u>4,964,122</u></u>	\$ <u><u>5,411,220</u></u>	\$ <u><u>5,903,253</u></u>

1998	1999	2000	2001	2002	2003
\$ 2,660,042 93,949	\$ 2,842,968 108,965	\$ 2,897,732	\$ 2,797,994	\$ 2,950,120	\$ 3,496,851
12,785	38,859	67,567	234,773	235,170	21,708
203	203	223	807	1,507	1,917
1,886,903	2,016,583	2,156,216	2,674,554	2,457,712	2,273,373
1,197,267	1,110,338	783,041	1,791,773	2,542,340	2,519,324
333,643	344,444	554,629	331,589	57,769	126,761
100,600	104,733	42,000		500	108,449
63,606	46,273	61,404	126,716	71,340	132,335
107,727	138,328	79,475	92,357	67,986	17,213
<u>6,456,725</u>	<u>6,751,694</u>	<u>6,642,287</u>	<u>8,050,563</u>	<u>8,384,444</u>	<u>8,697,931</u>
	63,217		94,018		
\$ <u><u>6,456,725</u></u>	\$ <u><u>6,814,911</u></u>	\$ <u><u>6,642,287</u></u>	\$ <u><u>8,144,581</u></u>	\$ <u><u>8,384,444</u></u>	\$ <u><u>8,697,931</u></u>

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -

BY ACTIVITY

LAST TEN FISCAL PERIODS

(UNAUDITED)

	1994	1995	1996	1997
EXPENDITURES				
Township board	\$ 13,575	\$ 14,972	\$ 15,698	\$ 20,226
Township supervisor	117,069	121,393	117,543	140,436
Assessing	200,712	230,216	218,276	260,027
Legal	123,253	143,426	162,880	260,435
Township clerk	189,310	192,960	199,222	224,177
Auditing and accounting	12,165	13,010	14,050	14,850
Board of review	6,267	8,789	5,858	6,567
Tax roll and data processing	27,743	25,816	35,052	30,731
Township treasurer	168,652	177,888	191,962	193,333
Township hall	71,263	104,628	113,669	133,240
General services	145,115	141,868	120,927	134,985
Police protection	1,289,778	1,416,511	1,507,265	1,767,544
Ordinance enforcement				
Elections	30,304	428	50,481	
Fire protection	618,075	642,001	709,286	824,274
Building and inspections	346,764	363,016	368,803	442,831
Street lighting	21,269	21,509	21,804	21,787
Refuse				
Weed and dust control				
Library service	356,622	368,123	400,072	422,766
Planning and zoning	102,163	114,755	108,575	138,797
Parks and recreation	58,800	61,978	72,302	99,543
Water and sewer				
Other costs	<u>79,763</u>	<u>73,574</u>	<u>99,467</u>	<u>81,078</u>
EXPENDITURES BEFORE OTHER FINANCING USES	3,978,662	4,236,861	4,533,192	5,217,627
OTHER FINANCING USES				
Improvement Revolving Fund	479,000			
Building and Improvement Fund				
Cemetery fund		350,000	500,000	
Road Improvement Fund				
Retirement Health Benefit				
Operating transfers in	<u> </u>	<u>450,000</u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ <u>4,457,662</u>	\$ <u>5,036,861</u>	\$ <u>5,033,192</u>	\$ <u>5,217,627</u>

1998	1999	2000	2001	2002	2003
\$ 20,367	\$ 27,467	\$ 23,369	\$ 27,462	\$ 28,652	\$ 28,826
147,343	162,743	167,162	99,857	104,495	108,679
371,127	327,720	397,637	462,056	497,166	521,797
339,019	380,071	444,528	441,234	350,103	398,131
248,619	275,754	347,165	408,467	397,676	418,469
15,400	15,400	11,155	11,700	11,877	16,000
5,598	6,782	4,800	7,410	7,590	4,700
30,574	31,117	24,470	28,097	30,631	32,277
207,667	236,668	252,386	296,510	282,607	310,386
155,800	180,672	147,033	131,819	77,879	107,964
171,603	104,488	220,596	156,368	192,327	204,644
1,884,444	1,929,820	1,925,305	2,039,488	2,137,396	2,214,402
				58,268	91,173
30,471		50,065	5,445	45,388	3,898
872,692	953,106	1,003,322	1,236,348	1,372,961	(31,703)
523,304	627,143		(5,909)	(67)	(692)
21,916	20,953	25,595	21,967	27,171	35,083
			1,246,457	1,322,184	1,413,547
			72,745	89,440	81,857
470,430	511,106	582,661	570,183	611,236	662,750
155,318	172,881	176,473	220,806	225,070	246,539
131,124	128,710	182,630	179,075	221,451	235,580
		183,850	(507)		
105,073	231,074	222,892	354,373	483,304	347,099
5,907,889	6,323,675	6,393,094	8,011,451	8,574,805	7,451,406
			413,799	50,435	
			2,594		
450,000					
50,000					
				11,000	11,000
300,000	63,217				4,618
\$ 6,707,889	\$ 6,386,892	\$ 6,393,094	\$ 8,427,844	\$ 8,636,240	\$ 7,467,024

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SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

CHARTER TOWNSHIP OF COMMERCE
NON MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2003

	FIRE	BUILDING INSPECTION	ROAD IMPROVEMENT
ASSETS			
Cash and cash equivalents	\$	\$ 346,366	\$ 42,974
Investments			683,518
Interest receivable			1,448
Due from other funds			
Due from other governmental units			
Taxes receivable	<u>1,001,386</u>	<u></u>	<u></u>
TOTAL ASSETS	<u><u>\$ 1,001,386</u></u>	<u><u>\$ 346,366</u></u>	<u><u>\$ 727,940</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund borrowing	\$ 536,606	\$	\$
Accounts payable	24,620	3,480	
Accrued payroll and other liabilities	28,009	8,537	
Due to other funds	443,974	122,068	
Deferred revenue	<u>1,001,386</u>	<u></u>	<u></u>
TOTAL LIABILITIES	<u><u>2,034,595</u></u>	<u><u>134,085</u></u>	<u></u>
FUND BALANCE			
Reserved for construction projects			148,925
Unreserved, undesignated	<u>(1,033,209)</u>	<u>212,281</u>	<u>579,015</u>
TOTAL FUND BALANCE	<u><u>(1,033,209)</u></u>	<u><u>212,281</u></u>	<u><u>727,940</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,001,386</u></u>	<u><u>\$ 346,366</u></u>	<u><u>\$ 727,940</u></u>

IMPROVEMENT AND BUILDING	COMMUNITY DEVELOPMENT	MUSEUM	CEMETERY	RETIREMENT HEALTH BENEFIT	TOTALS
\$ 181,674	\$ 651	\$ 6,210	\$ 11,992	\$ 19,047	\$ 608,914
2,322,716		125,634	125,826		3,257,694
8,109		565	546		10,668
121,726					121,726
	6,201				6,201
<u>218,643</u>					<u>1,220,029</u>
<u>\$ 2,852,868</u>	<u>\$ 6,852</u>	<u>\$ 132,409</u>	<u>\$ 138,364</u>	<u>\$ 19,047</u>	<u>\$ 5,225,232</u>
\$ 16,949	\$ 2,441	\$	\$	\$	\$ 536,606
					47,490
					36,546
	4,411				570,453
<u>218,643</u>					<u>1,220,029</u>
<u>235,592</u>	<u>6,852</u>				<u>2,411,124</u>
2,408,294					2,557,219
<u>208,982</u>		<u>132,409</u>	<u>138,364</u>	<u>19,047</u>	<u>256,889</u>
<u>2,617,276</u>		<u>132,409</u>	<u>138,364</u>	<u>19,047</u>	<u>2,814,108</u>
<u>\$ 2,852,868</u>	<u>\$ 6,852</u>	<u>\$ 132,409</u>	<u>\$ 138,364</u>	<u>\$ 19,047</u>	<u>\$ 5,225,232</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2003

	FIRE	BUILDING INSPECTION	ROAD IMPROVEMENT
REVENUES			
Property taxes	\$ 951,588	\$	\$
Intergovernmental revenues			
Federal and state grants			9,890
Interest income			27,500
Charges for services		923,697	
Miscellaneous revenue			
TOTAL REVENUES	<u>951,588</u>	<u>923,697</u>	<u>37,390</u>
EXPENDITURES			
General government			
Professional fees			
Community services			
Public health and safety	1,984,797	744,165	
Building, equipment and other			
TOTAL EXPENDITURES	<u>1,984,797</u>	<u>744,165</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,033,209)	179,532	37,390
OTHER FINANCING SOURCES			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(1,033,209)	179,532	37,390
FUND BALANCE, JANUARY 1		<u>32,749</u>	<u>690,550</u>
FUND BALANCE, DECEMBER 31	\$ <u>(1,033,209)</u>	\$ <u>212,281</u>	\$ <u>727,940</u>

IMPROVEMENT AND BUILDING	COMMUNITY DEVELOPMENT	MUSEUM	CEMETERY	RETIREMENT HEALTH BENEFIT	TOTALS
\$ 254,976	\$	\$	\$	\$	\$ 1,206,564
	28,414				28,414
62,290		1,927	2,086	81	76,274
			14,625		965,822
85,488		425		2,836	88,749
<u>402,754</u>	<u>28,414</u>	<u>2,352</u>	<u>16,711</u>	<u>2,917</u>	<u>2,365,823</u>
				5,870	5,870
			13,361		13,361
	28,414				28,414
780,772					2,728,962
<u>780,772</u>	<u>28,414</u>		<u>13,361</u>	<u>5,870</u>	<u>780,772</u>
					3,557,379
(378,018)		2,352	3,350	(2,953)	(1,191,556)
587,000				11,000	598,000
208,982		2,352	3,350	8,047	(593,556)
2,408,294		130,057	135,014	11,000	3,407,664
\$ <u>2,617,276</u>	\$ <u>28,414</u>	\$ <u>132,409</u>	\$ <u>138,364</u>	\$ <u>19,047</u>	\$ <u>2,814,108</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF

INDIVIDUAL FUNDS - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>FIRE</u>		<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	
REVENUES			
Property taxes	\$ 951,589	\$ 951,588	\$ (1)
Intergovernmental revenues			
Federal and state grants			
Interest income			
Charges for services			
Miscellaneous revenue			
	<u>951,589</u>	<u>951,588</u>	<u>(1)</u>
TOTAL REVENUES			
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety	2,152,178	1,984,797	
Capital outlay			
Road improvement			
Other			
	<u>2,152,178</u>	<u>1,984,797</u>	<u>167,381</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF			
REVENUES OVER			
EXPENDITURES	(1,200,589)	(1,033,209)	167,380
OTHER FINANCING SOURCES			
Operating transfers in			
EXCESS (DEFICIENCY) OF			
REVENUES AND OTHER			
FINANCING SOURCES			
OVER EXPENDITURES	(1,200,589)	(1,033,209)	167,380
FUND BALANCE, JANUARY 1			
FUND BALANCE, DECEMBER 31	\$ <u>(1,200,589)</u>	\$ <u>(1,033,209)</u>	\$ <u>167,380</u>

BUILDING INSPECTION			ROAD IMPROVEMENT		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
837,550	923,697	86,147	8,400	9,890 27,500	1,490 27,500
<u>837,550</u>	<u>923,697</u>	<u>86,147</u>	<u>8,400</u>	<u>37,390</u>	<u>28,990</u>
849,059	744,164		370,000		370,000
<u>849,059</u>	<u>744,164</u>	<u>104,895</u>	<u>370,000</u>		<u>370,000</u>
(11,509)	179,533	191,042	(361,600)	37,390	398,990
(11,509)	179,533	191,042	(361,600)	37,390	398,990
<u>32,749</u>	<u>32,749</u>		<u>690,550</u>	<u>690,550</u>	
\$ <u>21,240</u>	\$ <u>212,282</u>	\$ <u>191,042</u>	\$ <u>328,950</u>	\$ <u>727,940</u>	\$ <u>398,990</u>

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF

INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Continued

FOR THE YEAR ENDED DECEMBER 31, 2003

	IMPROVEMENT AND BUILDING		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Property taxes	\$ 271,991	\$ 254,976	\$ (17,015)
Intergovernmental revenues			
Federal and state grants	50,870	62,290	11,420
Interest income	23,839	85,488	61,649
Charges for services			
Miscellaneous revenue			
TOTAL REVENUES	<u>346,700</u>	<u>402,754</u>	<u>56,054</u>
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety			
Capital outlay			
Road improvement			
Other	<u>1,037,056</u>	<u>780,772</u>	<u>256,284</u>
TOTAL EXPENDITURES	<u>1,037,056</u>	<u>780,772</u>	<u>256,284</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(690,356)	(378,018)	312,338
OTHER FINANCING SOURCES			
Operating transfers in	<u>587,000</u>	<u>587,000</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(103,356)	208,982	312,338
FUND BALANCE, JANUARY 1	<u>2,408,294</u>	<u>2,408,294</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 2,304,938</u>	<u>\$ 2,617,276</u>	<u>\$ 312,338</u>

COMMUNITY DEVELOPMENT			MUSEUM		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
89,237	28,414	(60,823)	2,000	1,927	(73)
			1,000	425	(575)
<u>89,237</u>	<u>28,414</u>	<u>(60,823)</u>	<u>3,000</u>	<u>2,352</u>	<u>(648)</u>
89,237	28,414	60,823	3,000		3,000
<u>89,237</u>	<u>28,414</u>	<u>60,823</u>	<u>3,000</u>		<u>3,000</u>
				2,352	2,352
				2,352	2,352
			130,057	130,057	
\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u>130,057</u></u>	\$ <u><u>132,409</u></u>	\$ <u><u>2,352</u></u>

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF

INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Concluded

FOR THE YEAR ENDED DECEMBER 31, 2003

	CEMETARY		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Property taxes	\$	\$	\$
Intergovernmental revenues			
Federal and state grants			
Interest income	1,485	2,086	601
Charges for services	13,500	14,625	1,125
Miscellaneous revenue			
TOTAL REVENUES	<u>14,985</u>	<u>16,711</u>	<u>1,726</u>
EXPENDITURES			
General government			
General services			
Professional fees	15,612	13,361	2,251
Community services			
Public health and safety			
Capital outlay			
Road improvement			
Other			
TOTAL EXPENDITURES	<u>15,612</u>	<u>13,361</u>	<u>2,251</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(627)	3,350	3,977
OTHER FINANCING SOURCES			
Operating transfers in			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(627)	3,350	3,977
FUND BALANCE, JANUARY 1	<u>135,014</u>	<u>135,014</u>	
FUND BALANCE, DECEMBER 31	\$ <u><u>134,387</u></u>	\$ <u><u>138,364</u></u>	\$ <u><u>3,977</u></u>

RETIREMENT HEALTH BENEFIT			TOTAL		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$ 1,223,580	\$ 1,206,564	\$ (17,016)
			89,237	28,414	(60,823)
	81	81	62,755	76,274	13,519
			851,050	965,822	114,772
	2,836	2,836	24,839	88,749	63,910
	2,917	2,917	2,251,461	2,365,823	114,362
	5,870	(5,870)		5,870	
			15,612	13,361	2,251
			92,237	28,414	63,823
			3,001,237	2,728,961	272,276
			370,000		370,000
			1,037,056	780,772	256,284
	5,870	(5,870)	4,516,142	3,557,378	958,764
	(2,953)	(2,953)	(2,264,681)	(1,191,555)	1,073,126
	11,000	11,000	587,000	598,000	11,000
	8,047	8,047	(1,677,681)	(593,555)	1,084,126
11,000	11,000		3,407,664	3,407,664	
\$ 11,000	\$ 19,047	\$ 8,047	\$ 1,729,983	\$ 2,814,109	\$ 1,084,126

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DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt and revenue bonds issued for and serviced by a governmental enterprise.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2003

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1988 MOUNT ROYAL SPECIAL ASSESSMENT BONDS	1989 HOMESTEAD LAKESIDE & TRAILVIEW WATER SPECIAL ASSESSMENT BONDS	1991 BUSS DRIVE SPECIAL ASSESSMENT BONDS
ASSETS				
Cash and cash equivalents	\$	\$ 82,085	\$ 17,364	\$ 3,853
Special assessments receivable	7,568		725	2,624
Interest receivable				
Due from other funds	15,757			
TOTAL ASSETS	<u>\$ 23,325</u>	<u>\$ 82,085</u>	<u>\$ 18,089</u>	<u>\$ 6,477</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$	\$	\$	\$
Deferred revenue	7,568		725	2,624
TOTAL LIABILITIES	<u>7,568</u>		<u>725</u>	<u>2,624</u>
FUND BALANCE				
Reserved for debt service	15,757	82,085	17,364	3,853
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 23,325</u>	<u>\$ 82,085</u>	<u>\$ 18,089</u>	<u>\$ 6,477</u>

1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS	1992 UNION/COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 SPECIAL PROJECTS #1, #2 BOULDER SEWER WELCH ROAD, BOULDER WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1993 NORTHWEST SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
\$ 89 3,206	\$ 269,261 1,143,301	\$ 7,881 2,573	\$	\$ 3,125	\$ 43
		358			
\$ 3,295	\$ 1,412,562	\$ 10,812	\$	\$ 3,125	\$ 43
\$ 1,458 3,206	\$ 80,045 1,143,301	\$ 2,573	\$ 20,693	\$	\$
4,664	1,223,346	2,573	20,693		
(1,369)	189,216	8,239	(20,693)	3,125	43
\$ 3,295	\$ 1,412,562	\$ 10,812	\$	\$ 3,125	\$ 43

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Continued
FOR THE YEAR ENDED DECEMBER 31, 2003

	1993 SPECIAL PROJECT #3 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1994 GOLF MANOR, SPECIAL PROJECT #4 STARWOOD SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKESIDE, EDGEWOOD & BARCLAY SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 RIVERWALK, GOLFSIDE & SPECIAL PROJECT #5 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
ASSETS				
Cash and cash equivalents	\$ 5,538	\$ 75,108	\$ 87,434	\$ 84,344
Special assessments receivable	3,903	10,498	10,034	12,084
Interest receivable				
Due from other funds				
TOTAL ASSETS	<u>\$ 9,441</u>	<u>\$ 85,606</u>	<u>\$ 97,468</u>	<u>\$ 96,428</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$	\$	\$	\$ 18,106
Deferred revenue	<u>3,903</u>	<u>10,498</u>	<u>10,034</u>	<u>12,084</u>
TOTAL LIABILITIES	<u>3,903</u>	<u>10,498</u>	<u>10,034</u>	<u>30,190</u>
FUND BALANCE				
Reserved for debt service	<u>5,538</u>	<u>75,108</u>	<u>87,434</u>	<u>66,238</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 9,441</u>	<u>\$ 85,606</u>	<u>\$ 97,468</u>	<u>\$ 96,428</u>

1995 LAKE SHERWOOD & SPECIAL PROJECT #6 SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1996 COMMERCE ROAD WATERWAY & SPECIAL PROJECT #7 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1998 CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	1998 NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B
\$ 113,587	\$ 79,882	\$ 141,420	\$ 296,838	\$ 522,916	\$ 1,270,049
81,416	40,701	257,335	359,872	233,843	607,159
					894
<u>\$ 195,003</u>	<u>\$ 120,583</u>	<u>\$ 398,755</u>	<u>\$ 656,710</u>	<u>\$ 756,759</u>	<u>\$ 1,878,102</u>
\$ 13,539	\$ 10,050	\$ 99,000	\$	\$ 7,757	\$ 45,689
81,416	40,701	257,335	359,872	233,843	607,159
94,955	50,751	356,335	359,872	241,600	652,848
<u>100,048</u>	<u>69,832</u>	<u>42,420</u>	<u>296,838</u>	<u>515,159</u>	<u>1,225,254</u>
<u>\$ 195,003</u>	<u>\$ 120,583</u>	<u>\$ 398,755</u>	<u>\$ 656,710</u>	<u>\$ 756,759</u>	<u>\$ 1,878,102</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2003

	1999 SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FOX LAKE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING	2000 SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A	2000 SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNISS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B	2000 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING
ASSETS				
Cash and cash equivalents	\$ 745,591	\$ 462,710	\$ 386,272	\$ 338,454
Special assessments receivable	438,464	322,722	902,140	409,982
Interest receivable				
Due from other funds	23,064		390	
TOTAL ASSETS	\$ 1,207,119	\$ 785,432	\$ 1,288,802	\$ 748,436
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ 44,293	\$ 1,000	\$ 8,800	\$
Deferred revenue	438,464	322,722	902,140	409,982
TOTAL LIABILITIES	482,757	323,722	910,940	409,982
FUND BALANCE				
Reserved for debt service	724,362	461,710	377,862	338,454
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,207,119	\$ 785,432	\$ 1,288,802	\$ 748,436

<div> <div>2001 SPECIAL PROJECT #17</div> <div>2003 CARROLL COVE OFFSITE PRESSURE</div> <div>2003 SPECIAL PROJECTS #20</div> <div>2001 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER</div> <div>2002 MAPLE BEINSTEIN</div> <div>2000 FIRE BUILDINGS</div> <div>TOTAL</div> </div>						
\$	\$	\$	\$	\$	\$	\$
6,254	79,502	214,444	169,744 561,171	61,688	8,513 558,047	5,172,101 6,331,256 894 39,569
<u>6,254</u>	<u>79,502</u>	<u>214,444</u>	<u>730,915</u>	<u>61,688</u>	<u>566,560</u>	<u>11,543,820</u>
\$	\$	\$	\$	\$	\$	\$
6,254	79,502	214,444	561,171	61,688	558,047	350,430 6,331,256
<u>6,254</u>	<u>79,502</u>	<u>214,444</u>	<u>561,171</u>	<u>61,688</u>	<u>558,047</u>	<u>6,681,686</u>
			169,744		8,513	4,862,134
<u>6,254</u>	<u>79,502</u>	<u>214,444</u>	<u>730,915</u>	<u>61,688</u>	<u>566,560</u>	<u>11,543,820</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2003

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1988 MOUNT ROYAL SPECIAL ASSESSMENT BONDS	1989 HOMESTEAD LAKESIDE & TRAILVIEW WATER SPECIAL ASSESSMENT BONDS	1991 BUSS DRIVE SPECIAL ASSESSMENT BONDS
REVENUES				
Taxes	\$	\$	\$	\$
Interest income	1,228	871	601	309
Special assessments	<u>2,893</u>	<u>958</u>	<u>3,225</u>	<u>1,199</u>
TOTAL REVENUES	<u>4,121</u>	<u>1,829</u>	<u>3,826</u>	<u>1,508</u>
EXPENDITURES				
Debt principal				
Debt interest and fees				
Refunds of assessments	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,121	1,829	3,826	1,508
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	<u> </u>	<u> </u>	<u>(1,144)</u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	4,121	1,829	2,682	1,508
FUND BALANCE, JANUARY 1	<u>11,636</u>	<u>80,256</u>	<u>14,682</u>	<u>2,345</u>
FUND BALANCE, DECEMBER 31	<u>\$ 15,757</u>	<u>\$ 82,085</u>	<u>\$ 17,364</u>	<u>\$ 3,853</u>

1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS	1992 UNION/COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 SPECIAL PROJECTS #1, #2 BOULDER SEWER WELCH ROAD, BOULDER WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1993 NORTHWEST SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
\$	\$	\$	\$	\$	\$
433	83,396	389	127	215	509
<u>2,695</u>	<u>144,907</u>	<u>1,775</u>	<u>665</u>	<u>2,342</u>	<u>1,014</u>
<u>3,128</u>	<u>228,303</u>	<u>2,164</u>	<u>792</u>	<u>2,557</u>	<u>1,523</u>
4,000	155,000			3,798	
1,416	79,505			534	
<u>5,416</u>	<u>234,505</u>	<u> </u>	<u>39,854</u>	<u> </u>	<u>55,924</u>
			<u>39,854</u>	<u>4,332</u>	<u>55,924</u>
(2,288)	(6,202)	2,164	(39,062)	(1,775)	(54,401)
<u> </u>	<u> </u>	<u> </u>	<u>495</u> <u>(4,707)</u>	<u> </u>	<u> </u>
(2,288)	(6,202)	2,164	(43,274)	(1,775)	(54,401)
<u>919</u>	<u>195,418</u>	<u>6,075</u>	<u>22,581</u>	<u>4,900</u>	<u>54,444</u>
\$ <u><u>(1,369)</u></u>	\$ <u><u>189,216</u></u>	\$ <u><u>8,239</u></u>	\$ <u><u>(20,693)</u></u>	\$ <u><u>3,125</u></u>	\$ <u><u>43</u></u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCE - Continued
FOR THE YEAR ENDED DECEMBER 31, 2003

	1993 SPECIAL PROJECT #3 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1994 GOLF MANOR, SPECIAL PROJECT #4 STARWOOD SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKESIDE, EDGEWOOD & BARCLAY SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 RIVERWALK, GOLFSIDE & SPECIAL PROJECT #5 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
REVENUES				
Taxes	\$	\$	\$	\$
Interest income	931	2,678	2,590	2,266
Special assessments	<u>7,722</u>	<u>13,420</u>	<u>12,082</u>	<u>14,345</u>
TOTAL REVENUES	<u>8,653</u>	<u>16,098</u>	<u>14,672</u>	<u>16,611</u>
EXPENDITURES				
Debt principal	8,000			
Debt interest and fees	231			1,130
Refunds of assessments		<u>3,764</u>		
TOTAL EXPENDITURES	<u>8,231</u>	<u>3,764</u>		<u>1,130</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	422	12,334	14,672	15,481
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	422	12,334	14,672	15,481
FUND BALANCE, JANUARY 1	<u>5,116</u>	<u>62,774</u>	<u>72,762</u>	<u>50,757</u>
FUND BALANCE, DECEMBER 31	<u>\$ 5,538</u>	<u>\$ 75,108</u>	<u>\$ 87,434</u>	<u>\$ 66,238</u>

1995 LAKE SHERWOOD & SPECIAL PROJECT #6 SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1996 COMMERCE ROAD WATERWAY & SPECIAL PROJECT #7 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1998 CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	1998 NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B
\$	\$	\$	\$	\$	\$
10,515	5,150	21,076	29,622	24,424	58,276
<u>61,354</u>	<u>33,658</u>	<u>96,189</u>	<u>130,360</u>	<u>131,813</u>	<u>224,300</u>
<u>71,869</u>	<u>38,808</u>	<u>117,265</u>	<u>159,982</u>	<u>156,237</u>	<u>282,576</u>
290,000	35,000	240,000	320,000	115,000	260,000
6,890	5,995	20,040	24,340	24,881	57,863
<u>296,890</u>	<u>40,995</u>	<u>260,040</u>	<u>344,340</u>	<u>139,881</u>	<u>317,863</u>
(225,021)	(2,187)	(142,775)	(184,358)	16,356	(35,287)
				13,022	98,176
(225,021)	(2,187)	(142,775)	(184,358)	29,378	62,889
<u>325,069</u>	<u>72,019</u>	<u>185,195</u>	<u>481,196</u>	<u>485,781</u>	<u>1,162,365</u>
\$ <u>100,048</u>	\$ <u>69,832</u>	\$ <u>42,420</u>	\$ <u>296,838</u>	\$ <u>515,159</u>	\$ <u>1,225,254</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - Concluded

FOR THE YEAR ENDED DECEMBER 31, 2003

	1999 SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FAX LANE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING	2000 SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A	2000 SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNISS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B	2001 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING
REVENUES				
Taxes	\$	\$	\$	\$
Interest income	44,706	34,461	61,793	26,791
Special assessments	<u>162,140</u>	<u>125,746</u>	<u>196,677</u>	<u>100,046</u>
TOTAL REVENUES	<u>206,846</u>	<u>160,207</u>	<u>258,470</u>	<u>126,837</u>
EXPENDITURES				
Debt principal	200,000	110,000	200,000	100,000
Debt interest and fees	55,238	37,885	53,605	29,550
Refunds of assessments	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL EXPENDITURES	<u>255,238</u>	<u>147,885</u>	<u>253,605</u>	<u>129,550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(48,392)	12,322	4,865	(2,713)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	15,057		56,104	89,557
Operating transfers out	<u></u>	<u></u>	<u></u>	<u></u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(33,335)	12,322	60,969	86,844
FUND BALANCE, JANUARY 1	<u>757,697</u>	<u>449,388</u>	<u>316,893</u>	<u>251,610</u>
FUND BALANCE, DECEMBER 31	<u>\$ 724,362</u>	<u>\$ 461,710</u>	<u>\$ 377,862</u>	<u>\$ 338,454</u>

2001 WILDWOOD RIVER	2003 CARROLL COVE OFFSITE PRESSURE	2003 SPECIAL PROJECT #20	2001 SPECIAL PROJECT #17 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER	2002 MAPLE BEINSTEIN	2000 FIRE BUILDINGS	TOTAL
\$	\$	\$	\$	\$	\$	\$
			19,804		528,684	528,684
			149,200		408	433,569
			169,004			1,620,725
					529,092	2,582,978
			75,000		475,000	2,590,798
			21,416		53,800	474,319
						99,542
			96,416		528,800	3,164,659
			72,588		292	(581,681)
			24,239			296,650
						(5,851)
			96,827		292	(290,882)
			72,917		8,221	5,153,016
\$	\$	\$	\$	\$	\$	\$
			169,744		8,513	4,862,134

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of Capital Projects Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2003

	COMMERCE CARROL WATER/ SEWER	WISE ROAD WATER	CAREY/ COMMERCE WATER	GOLF LANE PAVING
ASSETS				
Cash and cash equivalents	\$	\$	\$	\$ 36,046
Due from other funds				
Interest receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u>36,046</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Due to other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE				
Unreserved, undesignated	<u> </u>	<u> </u>	<u> </u>	<u>36,046</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u>36,046</u>

SHORE MAPLE PT. BEACH SEWER/ WATER	PENINSULAR WATER/SEWER	LOWER MOUNT ROYAL PAVING	SPECIAL PROJECT #12	LADD ROAD SEWER	LYNISS DRIVE WATER
\$	\$	\$	\$	\$	\$
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
\$	\$	\$	\$	\$	\$
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> 7</u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> 7</u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> (7)</u>	<u> </u>
\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET - Continued
FOR THE YEAR ENDED DECEMBER 31, 2003

	NORTH COMMERCE LAKE DREDGING	SOUTHWEST UNION LAKE ROAD	CENTRAL WEST SEWER	SPECIAL PROJECT #17
ASSETS				
Cash and cash equivalents	\$	\$	\$ 462,640	\$ 18
Due from other funds				
Interest receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u> </u>	\$ <u> </u>	\$ <u>462,640</u>	\$ <u>18</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Due to other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE				
Unreserved, undesignated	<u> </u>	<u> </u>	<u>462,640</u>	<u>18</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u> </u>	\$ <u> </u>	\$ <u>462,640</u>	\$ <u>18</u>

PIONEER/ HOMESTEAD SEWER	SPECIAL PROJECT #16	SPECIAL PROJECT #19	UNION LAKE WATER	MOUNT ROYAL DREDGING	MT. ROYAL BRIDGE REPAIR
\$	\$	\$ 28,155	\$ 19,618	\$ 19,819	\$ 1,560
			5	8	
\$	\$	\$ 28,155	\$ 19,623	\$ 19,827	\$ 1,560
\$	\$	\$	\$ 19,618	\$ 36,864	\$
			19,618	106,260	1,560
			19,618	143,124	1,560
		28,155	5	(123,297)	
\$	\$	\$ 28,155	\$ 19,623	\$ 19,827	\$ 1,560

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2003

	MCCOY ROAD SEWER	SPECIAL PROJECT #18	SHADY POINT SEWER	HILLS OF BOGIE LAKE
ASSETS				
Cash and cash equivalents	\$	\$	\$ 112,627	\$ 29,938
Due from other funds				3,774
Interest receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u> </u>	\$ <u> </u>	\$ <u>112,627</u>	\$ <u>33,712</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Due to other funds	<u> </u>	<u> </u>	<u>13,880</u>	<u> </u>
TOTAL LIABILITIES	<u> </u>	<u> </u>	<u>13,880</u>	<u> </u>
FUND BALANCE				
Unreserved, undesignated	<u> </u>	<u> </u>	<u>98,747</u>	<u>33,712</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u> </u>	\$ <u> </u>	\$ <u>112,627</u>	\$ <u>33,712</u>

MELMORE PAVING	WINWOOD/ WOODLAND WATER	CARROLL COVE SEWER	TOTAL
\$	\$ 9,937	\$	\$ 720,358
			3,774
			13
<u>\$</u>	<u>\$ 9,937</u>	<u>\$</u>	<u>\$ 724,145</u>
\$	\$ 39	\$	\$ 36,903
	4,964		146,289
	5,003		183,192
	4,934		540,953
<u>\$</u>	<u>\$ 9,937</u>	<u>\$</u>	<u>\$ 724,145</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR CAPITAL PROJECTS FUND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	COMMERCE CAROL WATER/ SEWER	WISE ROAD WATER	CAREY/ COMMERCE WATER	GOLF LANE PAVING
REVENUES				
Interest income	\$ 72	\$ 22	\$ 66	\$ 519
Special assessments				
Other income				
TOTAL REVENUES	<u>72</u>	<u>22</u>	<u>66</u>	<u>519</u>
EXPENDITURES				
Capital outlay	<u>25</u>			<u>35,577</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	47	22	66	(35,058)
OTHER FINANCING SOURCES (USES)				
Bond proceeds				
Operating transfers in	2,459			
Operating transfers out	<u>(557)</u>	<u>(2,982)</u>	<u>(10,040)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	1,949	(2,960)	(9,974)	(35,058)
FUND BALANCE, JANUARY 1	<u>(1,949)</u>	<u>2,960</u>	<u>9,974</u>	<u>71,104</u>
FUND BALANCE, DECEMBER 31	\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u>36,046</u></u>

NORTH SHORE MAPLE PT. BEACH SEWER/ WATER	PENINSULAR WATER/SEWER	LOWER MOUNT ROYAL PAVING	SPECIAL PROJECT #12	LADD ROAD SEWER	LYNISS DRIVE WATER
\$ 353	\$	\$ 327	\$	\$	\$
<u>353</u>	<u></u>	<u>327</u>	<u></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
353		327			
1,082 <u>(52,191)</u>	1,820 <u>(1,820)</u>	<u>(47,069)</u>	<u>(15,057)</u>	<u>(46,831)</u>	<u>(9,280)</u>
(50,756)		(46,742)	(15,057)	(46,831)	(9,280)
<u>50,756</u>	<u></u>	<u>46,742</u>	<u>15,057</u>	<u>46,824</u>	<u>9,280</u>
\$ <u><u></u></u>	\$ <u><u></u></u>	\$ <u><u></u></u>	\$ <u><u></u></u>	\$ <u><u>(7)</u></u>	\$ <u><u></u></u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR CAPITAL PROJECTS FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - Continued

FOR THE YEAR ENDED DECEMBER 31, 2003

	NORTH COMMERCE LAKE DREDGING	SOUTHWEST UNION LAKE ROAD	CENTRAL WEST SEWER	SPECIAL PROJECT #17
REVENUES				
Interest income	\$ 11	\$ 523	\$ 15,156	\$ (6,286)
Special assessments				
Other income				
TOTAL REVENUES	<u>11</u>	<u>523</u>	<u>15,156</u>	<u>(6,286)</u>
EXPENDITURES				
Capital outlay			<u>1,185,337</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11	523	(1,170,181)	(6,286)
OTHER FINANCING SOURCES (USES)				
Bond proceeds				
Operating transfers in	4,724		119,020	
Operating transfers out	<u>(6,512)</u>	<u>(76,217)</u>	<u>(68,663)</u>	<u>(9,547)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(1,777)	(75,694)	(1,119,824)	(15,833)
FUND BALANCE, JANUARY 1	<u>1,777</u>	<u>75,694</u>	<u>1,582,464</u>	<u>15,851</u>
FUND BALANCE, DECEMBER 31	\$ <u><u>11</u></u>	\$ <u><u>523</u></u>	\$ <u><u>462,640</u></u>	\$ <u><u>18</u></u>

PIONEER/ HOMESTEAD SEWER	SPECIAL PROJECT #16	SPECIAL PROJECT #19	UNION LAKE WATER	MOUNT ROYAL DREDGING	MT. ROYAL BRIDGE REPAIR
\$ 67	\$ 13	\$ 687 713	\$ 13	\$ 44 39,936	\$
<u>67</u>	<u>13</u>	<u>1,400</u>	<u>13</u>	<u>39,980</u>	
		<u>390,454</u>	<u>82</u>	<u>151,841</u>	<u>1,560</u>
67	13	(389,054)	(69)	(111,861)	(1,560)
		417,209	12,084		1,560
<u>(9,449)</u>	<u>(2,102)</u>				
(9,382)	(2,089)	28,155	12,015	(111,861)	
<u>9,382</u>	<u>2,089</u>		<u>(12,010)</u>	<u>(11,436)</u>	
\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u>28,155</u></u>	\$ <u><u>5</u></u>	\$ <u><u>(123,297)</u></u>	\$ <u><u> </u></u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR CAPITAL PROJECTS FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - Concluded

FOR THE YEAR ENDED DECEMBER 31, 2003

	MCCOY ROAD SEWER	SPECIAL PROJECT #18	SHADY POINTE SEWER	HILLS OF BOGIE LAKE
REVENUES				
Interest income	\$	\$ 9	\$ 2,988	\$
Special assessments				3,885
Other income				
TOTAL REVENUES		9	2,988	3,885
EXPENDITURES				
Capital outlay			281,131	281,124
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		9	(278,143)	(277,239)
OTHER FINANCING SOURCES (USES)				
Bond proceeds			463,073	369,957
Operating transfers in	7			
Operating transfers out		(8,248)		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	7	(8,239)	184,930	92,718
FUND BALANCE, JANUARY 1	(7)	8,239	(86,183)	(59,006)
FUND BALANCE, DECEMBER 31	\$	\$	\$ 98,747	\$ 33,712

MELMORE PAVING	WINWOOD/ WOODLAND WATER	CARROL COVE SEWER	TOTAL
\$	\$	\$	\$
			14,584
			44,534
	104,446		104,446
	104,446		163,564
890	191,478	29,035	2,548,534
(890)	(87,032)	(29,035)	(2,384,970)
	92,970		1,343,209
3,058		41,766	187,580
			(366,565)
2,168	5,938	12,731	(1,220,746)
(2,168)	(1,004)	(12,731)	1,761,699
\$	\$	\$	\$
	4,934		540,953

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COMPONENT UNIT

A discretely presented component unit is an entity that is legally separate from the Township, but for which the Township is financially accountable or its relationship with the Township is such that exclusion would cause the Township's financial statements to be misleading or incomplete.

The component unit of the Charter Township of Commerce is:

Downtown Development Authority

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN

COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

DECEMBER 31, 2003

	DEBT SERVICE	CAPITAL PROJECTS	LONG-TERM DEBT ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
ASSETS				
Cash and cash equivalents	\$ 196,067	\$ 8,053,301	\$	\$ 8,249,368
Investments		5,000,000		5,000,000
Interest receivable		13,381		13,381
Amount available for debt service			196,067	196,067
Amount to be provided for debt service			13,103,933	13,103,933
TOTAL ASSETS	<u>\$ 196,067</u>	<u>\$ 13,066,682</u>	<u>\$ 13,300,000</u>	<u>\$ 26,562,749</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$ 60,923	\$	\$ 60,923
Long-term debt obligations			13,300,000	13,300,000
TOTAL LIABILITIES		60,923	13,300,000	13,360,923
FUND BALANCE				
Unreserved - undesignated	196,067	13,005,759		13,201,826
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 196,067</u>	<u>\$ 13,066,682</u>	<u>\$ 13,300,000</u>	<u>\$ 26,562,749</u>

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN

COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2003

	DEBT SERVICE	CAPITAL PROJECTS	TOTALS (MEMORANDUM ONLY)
REVENUES			
Current property taxes	\$ (973)	\$ 2,313,092	\$ 2,312,119
Other income		27,845	27,845
Interest income	8,460	45,186	53,646
TOTAL REVENUES	<u>7,487</u>	<u>2,386,123</u>	<u>2,393,610</u>
EXPENDITURES			
Professional fees		407,075	407,075
Construction		2,871,110	2,871,110
Debt service			
Principal	300,000		300,000
Interest	105,694		105,694
TOTAL EXPENDITURES	<u>405,694</u>	<u>3,278,185</u>	<u>3,683,879</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(398,207)</u>	<u>(892,062)</u>	<u>(1,290,269)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds		12,935,000	12,935,000
Operating transfers out		(741,000)	(741,000)
TOTAL OTHER FINANCING SOURCES (USES)		<u>12,194,000</u>	<u>12,194,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(398,207)	11,301,938	10,903,731
FUND BALANCE, JANUARY 1	<u>594,274</u>	<u>1,703,821</u>	<u>2,298,095</u>
FUND BALANCE, DECEMBER 31	<u>\$ 196,067</u>	<u>\$ 13,005,759</u>	<u>\$ 13,201,826</u>

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CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF INDEBTEDNESS

DECEMBER 31, 2003

1992 Lake Pine Capital Charges Special Assessment General Obligation Limited Tax Bonds, Series A

Issued: September 1, 1992

Dated: September 1, 1992

Original principal amount: \$73,000

Interest rates: 6.5% *

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004-2006	\$ 4,000	\$ <u>12,000</u>

* The interest rate is subject to reset on November 1, 2002 and November 1, 2006 at the option of National City Bank to not more than .5% over the Bank's Base Lending Rate.

Special Assessment Bonds General Obligation Limited Tax Bonds, Series 1992-B

Issued: July 1, 1992

Dated: July 1, 1992

Original principal amount: \$2,910,000

Interest rates: 5.692%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004	\$ 155,000	\$ 155,000
2005-2011	150,000	<u>1,050,000</u>
		\$ <u>1,205,000</u>

1992 Clifford Smart Sewer Special Assessment General Obligation Limited Tax Bonds, Series E

Issued: October 19, 1992

Dated: October 19, 1992

Original principal amount: \$51,000

Interest rates: 6.75% *

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004	\$ 4,000	\$ <u>4,000</u>

* The interest rate is subject to reset on November 1, 2002 and 2006 at the option of National City Bank to not more than .5% over the Bank's Base Lending Rate.

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2003

1995 Riverwalk Sewer, Golfside Water and Special Projects No. 5 Special Assessment (LTGO) Bonds, Series B

Issued: September 1, 1995
Dated: September 1, 1995
Original principal amount: \$420,000
Interest rates: 3.8% to 5.2%

DUE DATES NOVEMBER 1, 2004	PRINCIPAL AMOUNTS DUE \$ 15,000	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2003 \$ <u>15,000</u>

1996 Commerce Road Waterway and Special Project No. 7 Special Assessment, Limited Tax, General Obligation Bonds, Series A

Issued: July 31, 1996
Dated: July 1, 1996
Original principal amount: \$525,000
Interest rates: 3.80% to 5.50%

DUE DATES NOVEMBER 1, 2004-2005	PRINCIPAL AMOUNTS DUE \$ 35,000	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2003 \$ <u>70,000</u>

1997 Special Project #8 and Mount Royal Water Special Assessment, Limited Tax, General Obligation Bonds, Series 1997-A

Issued: June 3, 1997
Dated: May 1, 1997
Original principal amount: \$1,960,000
Interest rates: 3.70% to 4.80%

DUE DATES NOVEMBER 1, 2005-2006	PRINCIPAL AMOUNTS DUE \$ 120,000	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2003 \$ <u>240,000</u>

1997 Commerce – Carroll Water and Sewer, MPB Pump Station and Lateral, Hoeft Water, South Bernstein Sewer, Special Assessment, Limited Tax, General Obligation Bonds, Series 1997-B

Issued: November 25, 1997
Dated: November 1, 1997
Original principal amount: \$1,735,000
Interest rates: 3.85% to 4.40%

DUE DATES NOVEMBER 1, 2005-2006	PRINCIPAL AMOUNTS DUE \$ 160,000	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2003 \$ <u>320,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2003

1989 Downtown Development General Obligation Limited Tax Bonds

Issued: January 11, 1990
Dated: December 1, 1989
Original principal amount: \$4,500,000
Interest rates: 5.00% to 8.00%

DUE DATES NOVEMBER 1, 2004	PRINCIPAL AMOUNTS DUE \$ 300,000	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2003 \$ <u>300,000</u>

1998 Special Assessment (LTGO) Bonds, Series 1998-A

Issued: June 25, 1998
Dated: June 1, 1998
Original principal amount: \$1,395,000
Interest rates: 3.7% to 4.4%

DUE DATES NOVEMBER 1, 2004-2007	PRINCIPAL AMOUNTS DUE \$ 115,000	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2003 \$ <u>460,000</u>

1998 Special Assessment (LTGO) Bonds, Series 1998-B

Issued: November 24, 1998
Dated: November 1, 1998
Original principal amount: \$3,060,000
Interest rates: 3.7% to 3.75%

DUE DATES NOVEMBER 1, 2004-2008	PRINCIPAL AMOUNTS DUE \$ 255,000	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2003 \$ <u>1,275,000</u>

1999 Unlimited Tax General Obligation Bonds

Issued: July 1, 1999
Dated: July 1, 1999
Original principal amount: \$2,750,000
Interest rates: 3.935% to 3.94%

DUE DATES MAY 1, 2004 2005	PRINCIPAL AMOUNTS DUE 525,000 575,000	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2003 \$ 525,000 <u>575,000</u> \$ <u>1,100,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2003

1999 Special Assessment (LTGO) Bonds, Series A

Issued: July 1, 2002
Dated: June 1, 2002
Original principal amount: \$1,075,000
Interest rates: 4.16% to 4.17%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004-2008	\$ 100,000	\$ <u>500,000</u>

1999 Special Assessment (LTGO) Bonds, Series B

Issued: December 28, 1999
Dated: December 1, 1999
Original principal amount: \$915,000
Interest rates: 5.03% to 5.04%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004-2006	\$ 100,000	\$ 300,000
2007-2009	75,000	<u>225,000</u>
		\$ <u>525,000</u>

2000 Special Assessment (LTGO) Bonds, Series B

Issued: October 26, 2000
Dated: October 1, 2000
Original principal amount: \$1,540,000
Interest rates: 4.59% to 4.60%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004	\$ 175,000	\$ 175,000
2005-2006	155,000	310,000
2007-2008	150,000	300,000
2009-2010	140,000	<u>280,000</u>
		\$ <u>1,065,000</u>

2000 Special Assessment (LTGO) Bonds, Series A

Issued: May 25, 2000
Dated: May 1, 2000
Original Principal amount: \$970,000
Interest rates: 5.28% to 5.29%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004-2009	\$ 100,000	\$ <u>600,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Continued
DECEMBER 31, 2003

2001 Special Assessment (LTGO) Bonds, Series A

Issued: May 24, 2002
Dated: May 1, 2002
Original Principal amount: \$855,000
Interest rates: 4.03% to 4.04%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004	\$ 100,000	\$ 100,000
2005	95,000	95,000
2006-2009	90,000	360,000
2010	85,000	<u>85,000</u>
		<u>\$ 640,000</u>

Special Assessment Bonds, Series 2002-A

Issued: June 4, 2003
Dated: June 1, 2003
Original principal amount: \$4,700,000
Interest rates: 4.35% to 5.00%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004-2006	\$ 240,000	\$ 720,000
2007-2020	250,000	<u>3,500,000</u>
		<u>\$ 4,220,000</u>

Special Assessment Bonds, Series 2002-B

Issued: October 24, 2003
Dated: October 1, 2003
Original principal amount: \$675,000
Interest rates: 2.00% to 3.5%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2003
2004-2011	\$ 75,000	<u>\$ 600,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Concluded
DECEMBER 31, 2003

2003 Special Assessment (LTGO) Bonds, Series A

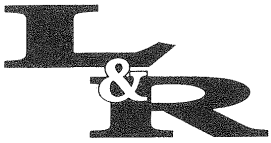
Issued: April 23, 2003
Dated: April 1, 2003
Original Principal amount: \$4,790,000
Interest rates: 3.11% to 3.13%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31,
		2003
2004-2012	\$ 500,000	\$ <u>4,500,000</u>

2003 Downtown Development Authority Bonds

Issued: November 15, 2003
Dated: October 30, 2003
Original principal amount: \$13,000,000
Interest rates: 2.00%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31,
		2003
2008	\$ 425,000	\$ 425,000
2009	550,000	550,000
2010	700,000	700,000
2011	850,000	850,000
2012	1,000,000	1,000,000
2013 - Thereafter	1,150,000 - 2,050,000	<u>9,475,000</u>
		\$ <u>13,000,000</u>



Layton & Richardson, P.C.

Certified Public Accountants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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We have audited the general purpose financial statements of the TOWNSHIP OF COMMERCE, MICHIGAN, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 18, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Township of Commerce's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

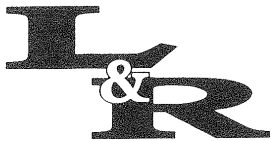
In planning and performing our audit, we considered Township of Commerce's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Township Board, management, and State and Federal Agencies. However, this report is a matter of public record and its distribution is not limited.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
June 18, 2004

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LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board
Township of Commerce
Commerce, Michigan

We have examined the financial statements of the TOWNSHIP OF COMMERCE, MICHIGAN, for the year ended December 31, 2003, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Commerce. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Commerce is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our tests of the internal control procedures included evaluations of randomly selected samples of transactions from payroll, cash disbursements and cash receipts. Although we did not observe any material errors or weaknesses in accounting or financial management, the following recommendations are intended to improve the efficiency and effectiveness of control procedures:

PRIOR YEAR RECOMMENDATIONS

BUDGETING

The budget should be amended so that the expenditures incurred do not exceed the amount appropriated in the budgets. This is in compliance with Michigan Public Act (P.A.) 621 of 1978. **This has been implemented.**

DUE TO/FROM

A monthly reconciliation of due to's/from's and interfund transfers should be prepared. This will verify that all interfund transactions are recorded properly. **This has not been implemented.**

PRIOR YEAR RECOMMENDATIONS - Concluded

FIXED ASSETS

The detail for fixed assets should be updated and tied out to the annual audit. The Township should verify that a detailed listing exists for all years prior to 1998. **The Township's control over fixed assets has improved but fixed asset additions and deletions are recorded as part of the year end audit. We recommend that additions and deletions of fixed assets be recorded when they occur.**

CASH RECEIPTS

Void receipts are not entered into the accounting system. We recommend all receipts be entered into the system to assure that receipts are not missing. **This has not been implemented.**

CURRENT YEAR RECOMMENDATIONS

CASH DISBURSEMENTS

Currently, invoices are only being stamped when they are put into the computer. They are not being stamped "Paid" when they are paid. All pages of the invoices should be stamped "Paid". This will help to avoid duplicate payment of invoices.

UNION ACTUARY

Commerce Township is under union contract obligation to provide a portion of health benefits to retirees. The Township has placed funds in a retiree health benefit account for the past several years. We recommend a professional actuary be conducted to determine the Township's liabilities.

We are grateful to the Township employees for their assistance and cooperation extended to us during the audit.

Very truly yours,

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
June 18, 2004